

State steel overhaul considered by ministers

A reconstructed nationalized steel industry is being considered by Cabinet ministers. One idea being strongly canvassed is that Sir Charles Villiers, British Steel's chairman, should be retired early and replaced by a leading American or European industrialist as a token of the Government's commitment to the industry's future.

Move for foreigner to take chairman's job

By Paul Roudledge
Labour Editor

Cabinet ministers are considering a far-reaching reconstruction of the nationalized steel industry in the aftermath of the industry's national strike, now in its seventh week.

Sir Charles Villiers, chairman of the British Steel Corporation, may be retired early to make way for a foreign successor, and some plans now facing closure could be sold or kept open longer.

The Cabinet is more worried about the impact of the lengthy stoppage of steelmaking than recent ministerial pronouncements would suggest. A feeling that "we cannot go on much longer as we are" is gaining ground.

Ministers would prefer to delay their reconstruction of the industry until after the present pay dispute is solved so as to avoid accusations that they are giving in to the strikers. But it is reluctantly recognized that a settlement may not be possible without a comprehensive new deal for the industry.

Mr James Prior, Secretary of State for Employment, is known to favour a solution that would inject new top management into state firms while the financial basis of the corporation was radically changed.

He feels there ought to be two large steel producers in Britain, one public and one private. British Steel might be obliged to sell its works in Consett, Co Durham, which is threatened with closure, to an expanded private sector that could be strengthened by mergers.

Among some ministers there is now a distinct lack of support for the present BSC management and an increasing view that Sir Charles should quit the chairmanship before his term of office expires in the autumn.

One idea being strongly canvassed is that a leading industrialist from a successful steel company in Europe or the United States should be appointed to head British Steel as a token of the Government's commitment to the future of the industry.

Some top American steel company executives are said to have been approached with a view to taking over the task of managing the state steel concern. But the Government

was embarrassed to discover that the salary paid to Sir Charles falls well below the international going rate for such a job.

All the proposals are still in the planning stage but the Cabinet is genuinely anxious about the rapidly deteriorating industrial situation stemming directly from the steel strike.

Workers' ultimatum: Forty workers from the Johnson, Firth Brown private steel works in Sheffield told union leaders in London that the plant would shut and its 4,500 workers lose their jobs if the national steel strike went on much longer. The party of reluctant strikers had travelled to London by coach, the Press Association reports.

Mr Ken Clarke, national officer of the Iron and Steel Trades Confederation, was told by the Sheffield party's spokesman, Mr James Willis, ISTC branch secretary: "There will be a split in this union unless the strike is solved."

"You are talking about meeting again with management next Friday. That is a long time for us. Long enough to put us out of a job. We want to go back to work and we will do so unless there is a solution by the end of the week."

Mr Willis, with Mr Malcolm Middleton, a shop steward, and Mr Keith Hancock, said their company, the biggest private steel employer in Sheffield, had the backing of the rest of the private industry in the town.

Nearly 20 companies, they said, had been called out against the men's wishes. Mr Clarke told them he would report their comments to Mr William Sirs, the union's general secretary.

Many other union officials, representing private steel industry workers throughout Britain, also arrived at the ISTC headquarters with a "we want to work" message.

Before the talks with strike leaders, Mr Clarke said the private sector negotiating team pledged full support for the anti-strike workers from Sheffield.

A South Yorkshire delegate said: "Asking us to support this dispute is like asking us to support the water workers. We are an entirely separate negotiating body."

BSC stands firm, page 2
Gulf between BSC and workers, page 19

Approval of union curb formula is likely today

By Our Labour Editor

The Government was still wrestling yesterday with the complex legal implications of its plans to outlaw certain kinds of secondary trade union action other than picketing.

Parliamentary draftsmen have now reached the fifteenth version of the Cabinet's proposal to legislate on immunities from civil action enjoyed by unions engaging in sympathy strikes and blacking.

But a final version is likely to be approved by ministers today and published this evening or tomorrow. The formula restricting immunity for secondary action to immediate customers and suppliers of firms in dispute, devised by Mr James Prior, Secretary of State for Employment, is not likely to satisfy his Tory backbench critics.

However, he will seek to placate them by promising a further thorough review of trade union immunities. The Department of Employment will continue the study with some urgency, leading to a Green Paper on the issue later this year which may, but not necessarily will, lead to further legislation.

The chief aim of the amendments to the Employment Bill now going through Parliament will be to give legislative effect to Lord Denning's attempts in the Court of Appeal to create a "distance" test in industrial disputes, so that only those with a genuine interest may be drawn into action by the unions.

The new clause will probably be taken at the report stage of the Bill, so it will be debated on the floor of the House of Commons.

The Cabinet expects to get the Bill out of the Commons in May and on to the statute book in the first week of July. At that time delegates to the annual conference of the National Union of Mine-workers will be seeking their opposition to the legislation.

Mr Prior's amendments will limit the immunity for secondary action to "first customers and first suppliers". In the present steel dispute that would allow workers in a company that has a substantial contractual relationship with British Steel to black the corporation's products or go on sympathy strike.

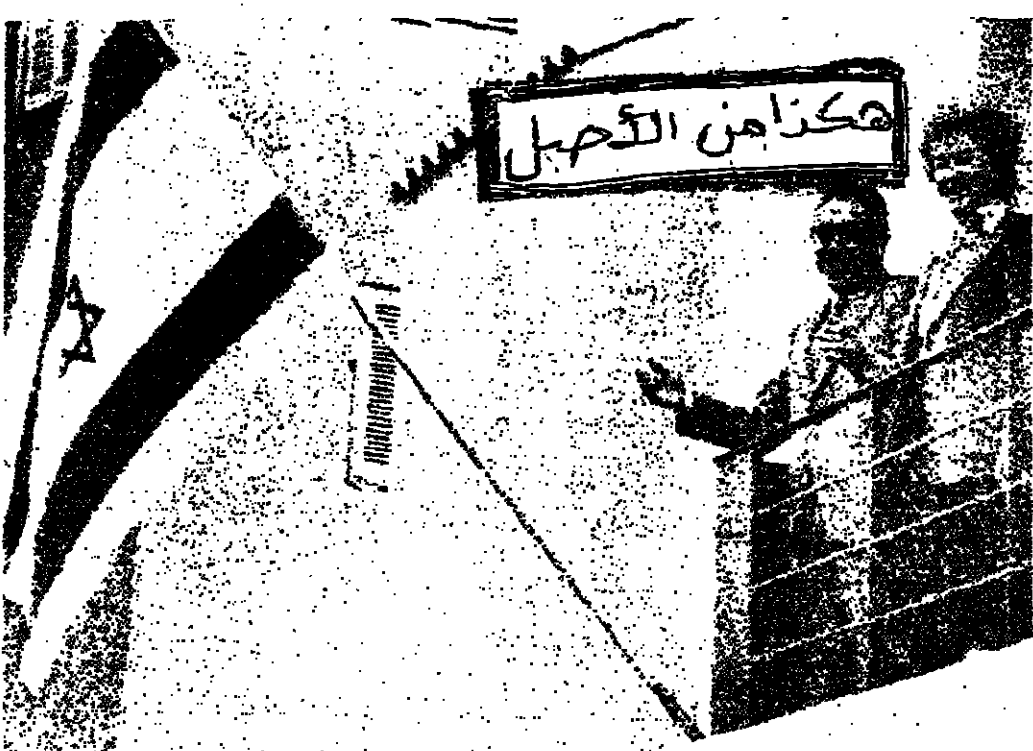
It will almost certainly be left to the courts to determine what "substantial" means.

Mr Prior's intention in limiting the withdrawal of immunities is to seek the widest possible acceptance of the new law and so avoid the TUC boycott that sealed the fate of the Industrial Relations Act, 1971.

The dominant philosophy behind the amendment is that law has to have widespread consent if it is to be enforceable. The aim must be to carry public opinion with the Government, including, as far as possible, trade union opinion.

Mr Prior is expected to seek to put pressure on the TUC to show where it stands by writing to Mr Len Murray, general secretary of the TUC, calling on him to condemn the men's picketing seen at Hatfield steel works in Sheffield last week, and the withdrawal of immunities for the water workers.

Trade union leaders should look for wider application of their code of conduct on picketing agreed with the last Government, it is argued.



Waiting as Embassy opens: Dr Yusef Hadass, the Israeli chargé d'affaires, and Mrs Hadass, waving to a small crowd of Jews in Cairo yesterday after their flag was unfurled for the first time at the opening of the Israeli Embassy.

The ceremony was marred by loud and persistent wailing from the hostel next door—the unmistakable sound of Arab women in mourning (Christopher Walker writes from Cairo). Although burly Egyptian guards swiftly silenced the girl students responsible, the protest reminded onlookers of the bitter hostility of many Arabs to the establishment of friendly ties with Israel.

Mr Vance at UN for talks on hostages

From David Cross
Washington, Feb 18

Mr Cyrus Vance, the Secretary of State, made an unexpected visit to the United Nations in New York today to discuss continuing negotiations for the release of the 50 hostages from the American Embassy in Tehran.

A State Department spokesman would say only that Mr Vance wanted to meet Dr Kurt Waldheim, the United Nations Secretary General, to discuss "the situation in Iran, among other things".

It was not immediately clear whether Mr Vance's sudden decision to travel to New York meant that a new snag had cropped up in Dr Waldheim's efforts to end the 15-week-long seizure of the embassy. But with conflicting statements still emanating from Iranian leaders about what is expected of the United States to secure the release of the hostages, it was considered more likely here that Mr Vance was seeking clarification of the Iranian position from the person most directly involved in talks with Tehran.

The United Nations announced yesterday that the membership of a commission of inquiry into Iranian grievances against the regime of the deposed Shah had been completed. This is the first step in the process which the Americans hope will lead to the release of the hostages.

Yesterday the United States

accepted the names of the eminent jurists and diplomats who have agreed to serve on the commission and the Iranians were reported by a United Nations spokesman to have agreed verbally to the list today. The names were still not announced formally until Dr Waldheim had received written confirmation from Tehran.

It is understood that the commission will consist of five members, one each from France, Algeria, Venezuela, Syria and Bangladesh.

After his talks in New York, Mr Vance was due to leave the United States for discussions in four West European capitals designed to coordinate the West's response to the Soviet military intervention in Afghanistan.

He will begin his meetings in Bonn with Herr Hans Dietrich Genscher, the Foreign Minister, before travelling to Rome, Paris and London for talks with his counterparts there.

Mr Vance's tour is a substitute for what was once planned to be a single meeting in Bonn with all four West European foreign ministers. The meeting was cancelled when the French balked at what they seemed to think might develop into a public display of condemnation of Moscow. The French prefer quiet diplomacy because they believe this is more likely to win the hearts of the future Soviet leadership.

President Tito still unchanged

From Dossa Trevisan
Belgrade, Feb 18

President Tito's condition has remained unchanged for the past 48 hours. His doctors have succeeded in preventing a further deterioration of his heart and kidney functions.

A bulletin issued at midday today said that intensive measures were being taken to help his weakened kidneys but that otherwise there was no change. This suggests that the slight easing noted yesterday is being maintained.

But there is no doubt that President Tito, who underwent the transplant operation in the autumn of 1976, is critically ill. He is said to have lapses of unconsciousness but yesterday he was reported to have been visited by some of his aides.

The Yugoslavs, who since last week have kept aware of the seriousness of President Tito's condition by the fact that television and radio stations have transmitted only serious programmes, are going about their normal business.

However, there are more police than usual on the streets and in front of public buildings armed police have reappeared.

Nevertheless, the atmosphere is one of calm resignation.

First heart transplant woman dies

Britain's first woman heart transplant patient died last night.

The new heart was given to Mrs Dorothy Hayward, aged 46, a widow of Hoxhill, Cambridgeshire, near Bedford, Dorset, by doctors at Hatfield Hospital, west London. She was given the heart of a man, aged 20, who died after a road accident.

Mrs Hayward responded well initially but later the electrocardiograph monitors picked up irregularities in her new heart, a hospital spokesman said.

The transplant operation was carried out by a team led by Mr Magdi Yacoub, a consultant heart surgeon. The same team on January 31 gave a new heart to Mr Ronald Murray, who is still making good progress at the hospital.

Mrs Hayward had been an inpatient at Hatfield since Wednesday of last week. She had suffered progressive heart disease for more than six years.

Mrs Hayward has two children, Mrs Carol Russell, aged 24, who was at the hospital earlier in the day, and Mandy, aged 12.

Mr Papworth Hospital near Cambridge, Mr Ewan McPherson, aged 23, who had a heart transplant operation on Friday, was continuing to make good progress yesterday.

Shell and Esso add up to 4p a gallon New round of petrol price rises

Shell and Esso petrol prices are expected to follow a rise in the price of North Sea crude to between \$33 and \$34 a barrel, with the market price set by BP's Forties Field, the most prolific producer at \$33.75.

BNOC said its new price levels were set after consultation with suppliers. Last week, BP raised the price of crude from the Forties to \$33.75 with effect from February 8.

A move, which was widely expected to bring comparable action from the BNOC, crude oil prices charged by the state-owned BNOC last went up in January to \$29.75, more than double the level of a year earlier.

Petrol prices last went up in the middle of January, when a

round of increases led by BP took the pump price of a gallon of four-star to between £1.16 and £1.27. Yesterday's rises will mean £1.20 to £1.31 a gallon, but precise retail prices will depend on local competition and costs.

Petrol producers are anxiously watching to see if a drop in volume sales results from motorists' resistance to high prices. The Department of Energy's figures for petrol deliveries for the nine months to the end of October showed a slight increase of 2.9 per cent on the comparable period in 1978.

The 4p a gallon price rise in January is thought to have caused some reduction in sales in certain places, which could be continued on page 17, col 2

235 cars and lorries crash together in fog near Paris

From Ian Murray
Paris, Feb 18

Two people died and dozens more were injured this morning in a huge multiple crash on the A13 Normandy motorway, at Les Mureaux to the west of Paris. Fog, which had reduced visibility to around 30 yards in places, was responsible for the first accident which led to the pile-up. Then within 10 minutes 200 cars and 35 heavy lorries had smashed into each other along a mile-and-a-half stretch of the road.

The accident started when a red coach apparently stopped in the fast lane because the fog was so dense. A following car swerved in to the right to avoid it, causing an articulated lorry to jack-knife across the road. From then on, the mass of traffic piled into the block.

Police estimated that many drivers were travelling at more than 60 mph.

The motorway serves an area where many Parisians have their weekend homes, so traffic was heavier than normal.

When police arrived at the scene people were hanging out of their battered vehicles screaming in fear. Stray dogs, thrown from the cars, were running about howling, and lost children were wandering about in the fog crying for their parents.

The work of cutting the injured free from cars was hindered by the large amount of petrol spilled over the roadway: police and rescue services did not want to risk a spark which would start a fire.

In the middle of the carnage there was one heavy lorry carrying explosive chemicals which had to be doused with water from the fire hoses.

Last night police were searching for the driver of the red coach who had apparently driven away from the scene without realizing the accident had occurred.

Photograph, page 5

Price freeze on surplus farm goods urged by lone voice of Mr Walker at Brussels

From Michael Hornsby
Brussels, Feb 18

Britain sees no case for increasing the price of farm products in surplus, Mr Peter Walker, the British Agriculture Minister, told his EEC colleagues today. He also criticized European Commission proposals for curbing over-production of milk and sugar as being biased against Britain.

The British broadside came during the opening round here today of the annual farm price-fixing negotiations. They are based on proposals unveiled earlier this month by Mr Finn Olav Gundelach, the EEC Agriculture Commissioner.

These proposals envisage an average rise of 2.4 per cent in the minimum "support prices" guaranteed to the EEC's eight million farmers for the 1980-81 marketing year. The farmers want an increase of 7.9 per cent to offset rising production costs and loss of real income.

Mr Gundelach also proposes raising the general levy on milk producers from 0.5 per cent to 1.5 per cent and imposing a "super-tax" of about 6p on every additional pint of milk processed by EEC dairies above 99 per cent of the amounts treated last year.

In the sugar sector, where production exceeds consumption by about three million tonnes, the Commission proposes cutting the amount of EEC sugar output covered by price guarantees.

Mr Gundelach made clear today that he sees the proposed price increases as justified only if the related measures curbing milk and sugar over-production are also adopted. This, he maintains, would hold expenditure on supporting farmers' prices this year to some £5,500m—slightly below what was spent in 1979.

Mr Walker said that the EEC is to avoid financial crisis later in the year.

prices for milk, sugar, beef, cereals and wine, all of which are in surplus, should be frozen for another year. He was in a minority of one, however. All the other ministers urged the need for price rises of up to 7 per cent.

As for the milk measures, Mr Walker was not opposed in principle to a "super-tax", but made the point that this would merely prevent the accumulation of new surpluses. The existing surplus—equal to 17 per cent of production and concentrated mainly in France and Germany—would escape unscathed.

He also argued that the exemption from the general milk levy of farmers producing less than 60,000 litres of milk a year would mean that only 4 per cent of milk output would escape the tax in Britain, compared with 40 per cent in Ireland, 30 per cent in Italy and more than 20 per cent in France and West Germany.

Puerto Rico triumph for Mr George Bush

The strong challenge for the Republican presidential nomination made by Mr George Bush in Iowa last month was reinforced by his victory in the Puerto Rico primary. The jubilant Mr Bush, a former director of the Central Intelligence Agency, said the result would give his campaign a new momentum for the New Hampshire primary. Senator Howard

Baker came in second place, and the only other Republican to make a serious effort in the island—Mr John Connally, the former Governor of Texas—made a disastrous showing with just 1 per cent of 50 of the votes cast. All the candidates had promised statehood for the island if they were elected, but Mr Bush's organization was the most efficient. Page 7

Debt-paying by Mrs Gandhi

Fears about any challenge to her own authority lay behind Mrs Gandhi's decision at the weekend to dissolve the legislatures of nine non-Congress run Indian states, Our Delhi Correspondent writes. She was also obliged to give jobs to all those who have recently joined her bandwagon. Page 7

Hostage says she was raped

The police in London were investigating an allegation by the wife of a building society manager that she was raped by a gunman who held her, her husband, and baby son hostage over the weekend at their home in Woodford Green, London. Yesterday morning the raider forced Mr William Knights, the manager, to drive to his Chingford office and hand over £11,000. Page 4

Public order law changes urged

Sweeping changes in the law concerning marches and demonstrations were called for by Sir David McNeeney, Metropolitan Police Commissioner, in written evidence to the Commons Select Committee on Home Affairs. Punishments imposed for public order offences were not severe enough to be a deterrent, he said. Page 4

Mugabe call to end auxiliaries

Mr Robert Mugabe, the Rhodesian guerrilla leader, urged Lord Soames, the Governor, to disband the security force auxiliaries and the crack Selous Scouts Army unit. He claimed that two Scouts killed by a bomb had planned to plant it at a church to discredit his party. Page 6

Atkins response to 'Irish unity'

Mr Humphrey Atkins, Secretary of State for Northern Ireland, said the Government still believed Ulster's future was for the people of Northern Ireland, for the British Government and for Parliament to decide. Page 2

Mixed colleges most popular

Oxford's mixed colleges have once again proved the most popular with would-be undergraduates. Applications to Merton and Christ Church, which are accepting women for the first time, are up by more than half. Page 2

Tunnel terminal: A GLC report says the Channel tunnel rail terminal will probably be in dockland or at Victoria and West Brompton stations. Page 4

Forest protest: Countryside groups attack a report calling for large-scale afforestation of Britain. Page 3

Select committees: Full list of members and subjects of inquiry of the 14 new House of Commons committees. Page 4

Los Angeles: Raintstorms wreck homes in California and kill at least 12. Page 7

Moscow: Russians start crash programme to produce two million samovars a year. Page 7

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Leading articles: Mr George Bush; United States and the ILO; Local Government Bill.
Arts, page 15
Stanley Sadie reports from Hamburg on the attractions and achievements of Otto Friedrich's new production of Verdi's Macbeth; John Russell Taylor investigates exhibitions of art under the banner "A Sense of Ireland".
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A. T. Collins on the diamonds that were not forever; Bernard Levin sniffs cheese; Prudence Glenn on fashion.

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Mr Graham Sutherland
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Stock Markets: Equities marked time after Friday's setback. Gilt regained earlier losses and the FT Index rose 0.4 to 463.0.
Business features: Hugh Stephenson on the Government's interest rate gamble; the gulf between the demands of the two sides in the steel dispute is examined by Paul Roudledge.

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Castle on High Tor
a gold sculpture
by
William Tolliday

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HOME NEWS

BSC claims offer can produce pay rises of up to 21% for workers

By Peter Hill
Industrial Editor
British Steel Corporation negotiators yesterday strongly reaffirmed that there was no question of the corporation modifying its "final offer" to the steel unions of a 14 per cent increase.

Although BSC is prepared to look in detail at the proposals to be made by the Iron and Steel Trades Confederation in submissions at the end of this week, the corporation is insistent that any improvements beyond the present offer will have to be paid for by improved performance and productivity.

Dr David Grieves, BSC's managing director for personnel and social policy, said yesterday that BSC's offer could produce pay rises of between 18 per cent and 21 per cent for steel workers.

In addition to the 10 per cent general increase and the minimum 4 per cent payment to workers who agreed to local productivity schemes, there would be scope for additional payments on those schemes plus increased earnings from other bonus schemes already in operation.

Mr Robert Scholey, BSC's chief executive, said: "We are absolutely firm on this. There is plenty of money to be earned out of this industry. It is made quite clear that we can go no further. Any proposals they (the unions) make—whatever form they take—for new money, they will have to indicate how it is to be found."

He was speaking after talks with Mr William Sims, general secretary of the ISTC, and Mr

Canned food shortages 'still weeks away'

By Our Industrial Editor
Warnings about further cut-backs in the production of cans and growing shortages of steel for the manufacture of domestic "white goods" (refrigerators, washing machines and freezers) were issued yesterday as steel-using industries assessed how much longer industry can survive without laying off workers.

But shortages of canned foods are still weeks away, according to Metal Box, the largest can manufacturer, and the Food Manufacturers Federation.

Metal Box, which holds about 70 per cent of the British can market, has laid off 4,000 workers because of tripartite shortages. The British Steel Corporation has considered the threat to its plant at Scunthorpe, which claim is causing untold damage to plans for the plant.

Normally the company produces 6,000 million food cans a year. The manufacturers of cans have been unaffected so far.

The Food Manufacturers Federation said that if companies had to make cuts it was expected that they would be looking at less popular sizes and lines. It was not expected that there would be real shortages before April, since stocks of cans were reasonably high and stocks in the distribution chain to shops were higher than usual.

Wide sheet steel from the BSC's strip mills, which is widely used in the manufacture of domestic "white goods", is the most critical in terms of supply, according to the National Association of Steel Stockholders.

The same steel is used in the motor and other industries. The association said that its 250 members were asking out supplies and looking after regular customers where possible.

Last night representatives from the British Steel Corporation and the private sector steel producers planned the threat to industry at a meeting with steel-using industry representatives at the Confederation of British Industry.

The level of stocks held by industry and the stockholding companies is now estimated at between 10 and 11 weeks, and the fear is that more companies will have to introduce reduced working as supplies of essential qualities and grades of steel run out.

But last night Mr Gordon Sambrook, the BSC's commercial managing director, emphasized that he was under no pressure from users to influence a settlement of the dispute.

Rebels scorn mass picket threat

From Craig Seton
Sheerness
A mass picket of up to 1,000 striking steelmen and Yorkshire miners is expected to descend on Sheerness, on the Isle of Sheppey, this week in an attempt to shut down the only large private steel company whose workers are still defying the national strike call.

Only 40 flying pickets from Scunthorpe were outside Sheerness Steel yesterday, but it is generally accepted that they are the pathfinders for the main force, fresh from its success in closing down Hadfields, in Sheffield, last week.

Union officials are refusing to name the day for the mass picket, but one said yesterday: "When they get here they will stay until this place is closed down."

More than sixty women and children demonstrated outside the modern plant yesterday in support of the 800 workers who have refused to join the strike, and expressions of support can be found throughout the small town.

Notices of congratulations to the Sheerness steelmen have been displayed in shops and office windows, and many shops and public houses carry signs saying that pickets will not be served.

Few people doubt that intense pressure will be put on the Sheerness plant and most believe that Mr Arthur Scargill, the Yorkshire miner's leader, will arrive with several hundred men.

But throughout Sheerness the citizens claim that the working steel men are growing more determined by the day to continue their defiance of union instructions, and the solidarity shown to them on the island is giving them the courage to continue working.

Sheerness police are being reinforced by hundreds of officers from Kent and outside in readiness for the mass picket and they are expected to be on standby throughout the week. The low profile approach of both police and pickets over the past four weeks, in which there have been only six arrests for obstruction, is not expected to last.

The 420 Iron and Steel Trades Confederation members at the plant are still expressing their determination to defy the strike call, and one official said yesterday: "Let them come, we shall go on working, come what may."

Yesterday's picket was outnumbered by reporters and photographers who have arrived on the Isle of Sheppey to record the scenes outside the Sheerness plant. The wives and children facing the pickets kept up a constant barrage of cheers for the lorry drivers who ignored the pickets' pleas and continued through the entrance.

The demonstrators stayed for nearly five hours, but the pickets' men of steel, and the pickets' men of steel, said: "The pickets may be in front of you, but Sheppey is behind you."

Mr Alan Cook, a Rotherham branch official of the ISTC, said: "This is a political struggle. We were set up as whipping boys by the Thatcher Government. I am not saying when the mass picket will be,



Sauecan and spoon defiance yesterday at Sheerness.

Mr Atkins replies to Haughey unity call

From Annabel Ferriman
Belfast
The Democratic Unionist Party was reassured yesterday that the Government still considered that the future of Northern Ireland was a matter for the people of the province, for the British Government and for Parliament to decide.

The reassurance was given after a demand at the weekend by Mr Charles Haughey, Prime Minister of the Republic of Ireland, that the British Government should declare its interest in encouraging the unity of Ireland.

His demand produced angry reactions among Ulster's Protestant parties, and the Democratic Unionist yesterday asked Mr Humphrey Atkins, Secretary of State for Northern Ireland, for a reassurance that the Government's attitude had not changed.

Mr Atkins gave his response at a meeting with party representatives during a lunchtime break in the twelfth day of the constitutional conference taking place at Stormont over the future government of the province.

Mr Peter Robinson, DUP MP for Belfast, East, said after the meeting that Mr Haughey had made his statement to placate the "green" men in his party and to sabotage the constitutional talks.

Mr Haughey wanted to destroy the talks because they were based on a government White Paper which put the future of Northern Ireland firmly within the United Kingdom.

"He now finds himself lined up with that notable duo, the Provisional IRA and the Official Unionist Party, who want the talks destroyed. We now have three parties on the sidelines trying as hard as possible to make our job difficult," Mr Robinson said.

The constitutional talks yesterday, which lasted only three hours, centred on the Social Democratic and Labour Party's proposals for a power-sharing Cabinet system, to which members would be appointed in numbers proportionate to the strength of their parties in a new assembly.

The conference reconvenes on February 27, when the DUP will unveil its proposals for the future government of the province. It is the third and last party to do so, the Alliance Party having revealed its committee system scheme first.

Today the SDLP is to meet in the parallel conference, at which, matters excluded from the main conference, such as security and the Irish dimension, can be discussed.

Jailed for life: Francis Joseph Sean Hughes, aged 24, once described as one of Ulster's most wanted men, was yesterday jailed for life for murdering a soldier in an ambush near Magua, Londonderry, on March 16, 1978.

Mr Hughes, from Bellaghy, co Londonderry, was also convicted of the attempted murder of another soldier in the same ambush, of setting up a booby trap bomb at the rear door of a policeman's house in Coagh, Tyrone, in January, 1977, of causing an explosion and possessing explosives.

Mr Hughes was arrested at the end of the 13-day trial at Belfast Crown Court, in which Mr Hughes refused to give evidence. "The view I formed was that you are a dedicated and hardened IRA terrorist."

Union blockades company where men defy pickets

From Arthur Osman
Birmingham
The Iron and Steel Trades Confederation imposed a 24-hour blockade on the company of J. B. and S. Lees, of West Bromwich, yesterday after some workers had defied a picket of 350 local strikers, reinforced by men from South Yorkshire and Corby, to go to work. More than half the workforce are not members of the union, it was said.

Union officials had been refused permission to speak to a meeting of workers at which it was decided to resume work. But of 240 men due to report on the early shift, yesterday, more than 200 stayed away.

Later a second meeting was called by the union outside the factory, at which 100 workers from Lees pledged to support and continue the strike.

A full picket was also mounted on railway sidings at Wolverhampton after transport workers had warned the ISTC that 4,000 trucks of steel would be stopped inside and might be moved.

The magazine, *The Engineer*, reported in its current issue that more than eighty companies had got in touch with its "steel shop" with a marked increase of those listing a variety of requirements.

Remands on lorry charges

From Our Correspondent
Ludlow
Three steel workers were remanded in custody until Thursday by magistrates at Telford yesterday after incidents last week in which lorries owned by a steel-plate firm were damaged.

The men are accused of causing criminal damage, put at £5,000 to eight lorries and trailers owned by E. Hemmings and Son, of Froxlease, Telford. They are Stephen Marshall, aged 24, of Balfour Street, Telford; Geoffrey Unwin, aged 45, of Housefield Road, Bentley; and John Shea, of 24, of St Marks Street, Shelton, all Stoke-on-Trent.

Hailsham outburst jolts ministers

By Michael Hatfield
Political Reporter
Ministerial unhappiness at the outburst of Lord Hailsham of St Marylebone, the Lord Chancellor, over picketing and the use of martial law was expressed privately in some quarters last night.

It was decided after a ministerial meeting yesterday that Sir Michael Havers, QC, the Attorney General, should make a statement on the law and picketing.

Whether the concern at Lord Hailsham's speech was voiced at the ministerial meeting was not made known, but it was certainly communicated afterwards that some ministers felt that he had gone too far.

The Lord Chancellor, it was said, had given the impression that he was telling chief constables how to enforce the law, which went beyond the constitutional responsibilities of ministers.

In his speech at the Young Conservatives' conference in Scarborough, Lord Hailsham said: "Intimidation is unlawful. Violence can amount to an offence. Violence can also cause fear in the minds of reasonably minded people."

He went on: "All I can say is that if they are identified and prosecuted, I will do my best to see they get an incorrupt, just and impartial judge and a fair trial."

His comments were being read by some of his colleagues as implying that chief constables, faced with picketing scenes as witnessed during the steel strike, should enforce the law more rigorously.

However, there were suggestions from the same source that the violence at the picketing at Hadfields, in Sheffield, need not have taken place if the management had not decided to close down the plant.

It was being said that the

Mr Whitelaw says fourth TV channel must pay

By Hugh Noyes
Parliamentary Correspondent
The fourth television channel, which is to be provided by the Independent Broadcasting Authority, would have to pay its way if it was to survive, Mr William Whitelaw, the Home Secretary, told the Commons yesterday. The Government was not prepared to maintain the new service with grants, but he accepted that it might take a while to become financially established.

Opening the debate on the Broadcasting Bill, which was the new channel provided by the Broadcasting Bill will be required to carry a suitable amount of material appealing to tastes not generally catered for by the existing services, with a proportion of an educational national network will be required.

Parliamentary report, page 9

Union makes assay office dispute official

As workers continued to occupy the Birmingham Assay Office yesterday, the National Union of Gold, Silver and Allied Trades decided to make official the dispute over the proposed loss of 60 jobs.

Mr Bryn Waters, district secretary of the union, said: "We have had an approach from the management, which is adamant that the redundancies will take place."

A attempt will be made today

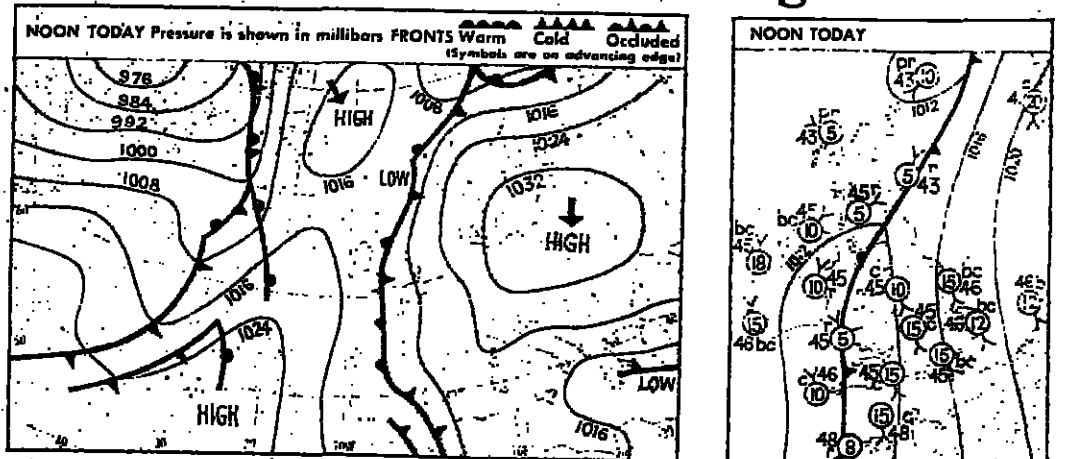
Freight service halted

By Donald Macintyre
Labour Reporter
British Rail freight services between Harwich and Zeebrugge, Holland, were halted yesterday because of a strike over differentials by 180 members of the Merchant Navy and Airline Officers' Association.

To resolve the dispute, which the association said was the first in which its Harwich members had taken part. Some officers were earning up to £20 less than some seamen, it added.

The dispute has been exacerbated by the recent 24 per cent pay increase gained for seamen.

Weather forecast and recordings



Today
Sun rises: 7.0 am
Sun sets: 5.22 pm
Moon rises: 8.20 am
Moon sets: 9.43 pm
First quarter: February 23
Lighting up: 5.52 pm to 6.37 am
High water: London Bridge, 3.43 am, 7.7m; 4.12 pm, 7.7m; Avonmouth, 9.26 am, 14.3m; 9.46 pm, 13.8m; Dover, 12.41 am, 7.1m; 1.2 pm, 6.9m; Hull, 8.19 am, 7.7m; 8.26 pm, 7.5m; Liverpool, 1.6 am, 9.5m; 1.24 pm, 10.1m; 1.6 pm, 11.6m; 3.28 pm, 11.6m.

SW England, Wales, Lake District: Mostly cloudy with rain at times, some heavy outbreaks; wind variable, mostly SE, moderate; max temp 7° or 8° (45° or 46° F).

Isle of Man, SW Scotland, Glasgow, central Highlands, Moray Firth: Rather cloudy, rain at times with heavy outbreaks; wind SE, max temp 7° or 8° (45° or 46° F).

Borders, Edinburgh and Dundee: Rather cloudy; rain at times, but drier later; wind S, moderate or fresh; max temp 8° (46° F).

NE Scotland, Orkney, Shetland: Rather cloudy at times with some rain; wind W and N, but max temp 6° or 7° (43° or 45° F).

Argyll, NW Scotland, N Ireland: Bright and mostly dry, but showers at times with rain in places; wind mostly N, light; max temp 6° (43° F).

Outlook for tomorrow and Thursday: Some E districts will remain with bright intervals; rain or showers at times with W and N but also bright intervals; becoming less mild, overnight frost and fog patches.

WEATHER REPORTS YESTERDAY
MIDDAY: c, cloud; d, drizzle; f, fair; h, haze; r, rain; s, sun; sn, snow.

Location	Temp	Wind	Cloud
Alps	15	SE	c
Amsterdam	10	SE	c
Antwerp	10	SE	c
Birmingham	10	SE	c
Belfast	10	SE	c
Bombay	28	SE	c
Boston	10	SE	c
Breast	10	SE	c
Bristol	10	SE	c
Buenos Aires	20	SE	c
Cardiff	10	SE	c
Colon	28	SE	c
Copenhagen	10	SE	c
Dublin	10	SE	c
Edinburgh	10	SE	c
Geneva	10	SE	c
Hamburg	10	SE	c
Helsinki	10	SE	c
London	10	SE	c
Lyons	10	SE	c
Madrid	10	SE	c
Manchester	10	SE	c
Moscow	10	SE	c
Paris	10	SE	c
Perth	10	SE	c
Rome	10	SE	c
Stockholm	10	SE	c
Swansea	10	SE	c
Toronto	10	SE	c
Valencia	10	SE	c
Warsaw	10	SE	c
Wellington	10	SE	c
Winnipeg	10	SE	c
Zurich	10	SE	c

Don't melt in the heat of the moment

The price of gold and silver is invariably higher than its melt value—and the older the item, the more valuable it is likely to be.

This silver mug (weighing 12oz. 3dwt.) was sold last Thursday for £550. If it had been consigned to the melting pot on the same day the owner would have received less than one third of the proceeds of sale.

If you would like free advice on the saleroom value of your gold and silver (including gold jewellery) telephone or write to Peter Waldron.

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or contact one of our salerooms (except Chancery Lane) or offices listed in our advertisement on the auction page.

Army to buy US missiles despite penetration limit

By Henry Stanhope
Defence Correspondent
The Army is pressing ahead with its £48m order for American TOW anti-tank missiles in spite of confirmed reports from the United States that they cannot penetrate the front-line tanks of the latest Russian tanks.

Sources last night pointed to the improvement programme already well advanced in the United States to remedy the deficiency and bring the missile "well up to the Army's requirements."

TOW was selected in 1977, against competition from the Franco-German HOT missile, as a weapon for the Army's new Lynx helicopter.

It was chosen only after the manufacturers, Hughes Aircraft Company, had announced a number of improvements. Those included a doubling of its range to 3,750 metres and the addition of an infra-red system for night operations.

The authoritative journal, *International Defence Review*, says that the US Army is now considering replacing 100,000 TOW missiles when the new war head improvement programme is complete early in 1982.

The British Army is due to receive its first TOW missiles in April, 1981, too soon for the improvements to be incorporated. It will switch to the improved version a year later.

The sources said that soldiers meanwhile would be able to train with the weapon and bring it fully into service. They added that it remained an effective weapon, still capable of immobilizing the latest Soviet tanks.

The Soviet tanks whose frontal armour is said to be TOW-proof are the T-72, the T-64 and the latest development, the T-80. Nearly 10,000 T-72s and T-64s are in service with Soviet forces.

The British Army and the Royal Marines are acquiring 88 Lynx anti-tank helicopters, 60 of which will be deployed in West Germany with the British Army of the Rhine and 18 in the United Kingdom.

A slight delay as protesting workers march

From Ronald Kershaw
Sheffield
If the success of a strike is measured in terms of disruption yesterday's one-day strike called by the South Yorkshire Association of Trades Councils to protest at government speeding cuts was a damp squib.

Some 2,000 joined a march which culminated in a rally outside Sheffield City Hall, but a slight delay of traffic appeared to be all that had been achieved.

The strike "day of action" was designed to interrupt public services but at Barnsley, Rotherham, Doncaster and Sheffield officials had to make detailed inquiries to see if services had been affected and the answer was "no."

The strike coincided with school holidays and at Sheffield it was noted that a number of local authority employees had taken annual leave. The size of the demonstration indicated that days off were taken more for the benefit of children rather than to march.

The South Yorkshire County Council branch of the National and Local Government Officers' Association rejected the strike call and left striking to individuals, and the same applied at Barnsley.

Public services had promised that emergency calls would be answered. In the event the local authorities found no disruption.

Extra £1m airports aid

The Government is to give an extra £1m to the Civil Aviation Authority to help to prevent big increases in landing charges at eight Scottish airports in the Highlands and Islands.

The news has been welcomed by local authority representatives in the affected areas.

HOME NEWS

Critics see forestry proposals as a threat to countryside

By John Young

Planning Reporter

A report published today, which advocates further large-scale afforestation to increase Britain's indigenous timber supplies, has run into outraged opposition from countryside groups.

In statements timed to coincide with the report's release, the Council for the Protection of Rural England claims that national parks designated areas of outstanding natural beauty and common land are all threatened by the proposals, and the Ramblers' Association visualises appalling effects on the landscape and wildlife of upland areas.

The report, by the Centre for Agricultural Strategy at Reading University, is entitled *Strategy for the UK Forest Industry*.

The most ambitious of the four possible planting programmes would double the forest area of Britain and Northern Ireland by the year 2030 and would, it is admitted, mean the loss of up to a third of the 6,600,000 hectares of open hills and uplands.

The report concedes that afforestation on such a scale, overwhelmingly with conifers, might affect water supply, game production and wildlife conservation, and would involve a loss of amenity. However, it would improve the economic prospects of remote rural areas and increase employment opportunities.

Mr Christopher Hall, director

of the CPRE, says the largest programme would mean the afforestation of an area roughly the size of Cumbria, Devon and Northumberland combined.

The proposals are based on a predicted world shortage of timber, which is speculative, he argues, and "will give a new boost to the already powerful pressure for increased afforestation coming from the forestry industry".

Already there have been disputes over three planting schemes in two national parks, the Yorkshire Dales and the Brecon Beacons, he observes. The commission has objected to the designation of the north Pennines as an area of outstanding natural beauty, in case it would restrict commercial afforestation, and is also seeking a revision of the ban on planting on the Lake District fells.

Large-scale afforestation must be brought under the normal processes of planning control, Mr Hall insists.

Mr Alan Marling, secretary of the Ramblers' Association, says the maximum programme would mean blanketing large areas of hill-land with dark, ugly and monotonous conifer forests.

Like Mr Hall, he suggests that the need for such a programme must be clear by tomorrow. The fast line, which carries the Inter-City trains, is expected to be clear by next Tuesday.

All trains were running to and from Euston, an estimated 450 a day, but there were delays of at least 10 minutes, as the fast trains were travelling on the slow lines.

Mugh Clayton, page 18

Welds check ordered after train derailment

By a Staff Reporter

British Rail yesterday ordered a national check of rail welds of the kind whose failure led to the derailment on Saturday of five coaches from the London to Manchester Inter-City express at high speed.

BR has identified the cause of the crash, after which 17 people were detained in hospital and 40 treated for shock or minor injuries, as the failure of a weld between two rails.

There are at least 700 similar welds, known as thermite welds, on rails throughout the country. No further failures have been disclosed and BR believes the failure was an isolated case.

The kind has been in use for some time, and an official said they had not caused an accident before. The one responsible for the accident at Bushey, Hertfordshire, was put in last autumn, so wear and tear were not the reasons for its failure, he said.

Rather than poor workmanship, the reason was likely to be faulty material.

By yesterday three of the six lines in operation at the crash site had been cleared, and a fourth is expected to be clear by tomorrow. The fast line, which carries the Inter-City trains, is expected to be clear by next Tuesday.

All trains were running to and from Euston, an estimated 450 a day, but there were delays of at least 10 minutes, as the fast trains were travelling on the slow lines.



Anglers who pay 50p to fish in Lytham St Annes heated swimming pool. The fish were put in to keep it clean.

Photograph by David Jones

Workington may be nuclear waste port

Cumbria County Council wants Workington to take over from Barrow as the port through which nuclear waste bound for Windscale is brought into Britain.

The council runs Workington, docks and the proposed switch, was confirmed yesterday by Councillor Martin Brannan, chairman of the council's port committee, who disclosed that British Nuclear Fuels was making a feasibility study.

The state-owned company is interested in the possibility of having the spent fuel shipped into Workington because that port is closer to Windscale.

The taking of regular nuclear cargoes from all over the world is also attractive to the county council because Workington, now affected by the steel strike, has been running at a considerable loss.

An action committee at Barrow is pressing for a ban on nuclear shipments. Two weeks ago a court injunction stopped the Greenpeace environmental group from intercepting a ship carrying fuel from Japan into Barrow.

Councillor Brannan said: "I have not the slightest worry about Windscale or any doubt that the material can be handled as safely at Workington as it has been at Barrow. This type of development would make the port profitable and secure the employment of 80 workers."

A plan to ship plutonium nitrate into Workington from the prototype fast breeder reactor at Dounreay, Scotland, is the subject of a separate study by the Government.

Help for tied tenants urged

Local councils are ignoring the plight of a million families in tied accommodation, a Shelter report published today says. The Government should amend the Housing Bill to protect them.

People in tied housing suffered a high rate of homelessness, through lack of security of tenure and the "unhelpful attitude" of local authorities. Tenants at risk included a

Scientologists buy college

The Church of Scientology, based at East Grinstead, announced yesterday that it has bought St Mary's College and 19.5 acres of grounds in Rottingdean, Brighton, for £430,000.

St Mary's, built in late Victorian style in 1912 as a convent, was until recently a language school for foreign students. The 83-room build-

ing will be used as a residential, ministerial and administrative college.

The movement bought two large adjoining country mansions in 15 acres in East Grinstead for £400,000 last November. It now has four large properties at East Grinstead.

Law Society insurance scheme challenged

Two solicitors claimed in the High Court yesterday that the Law Society exceeded its legal powers in setting up a compulsory scheme to insure solicitors against civil liability for professional negligence or breach of duty.

Mr James Swain, who practices from Staple Inn, London, and Mr Alan McLaren, of Burnham-on-Sea, Somerset, complained that solicitors had been deprived of the right to select their own insurers.

They sued the Law Society, the profession's governing body, claiming a declaration that the insurance indemnity scheme set up in 1975 was null and void.

Mr Justice Slade was also asked to rule on whether the Law Society was entitled to retain, for its own purposes, broker's commission received from the insurers on premiums paid by solicitors. In 1978 the commission totalled £640,000. The Law Society denied that

the scheme did not comply with rules made under the Solicitors Act, 1974, or that it was not entitled to retain the commission.

Mr Leonard Lewis, QC, for Mr Swain and Mr McLaren, said that before the scheme was introduced solicitors could do as they wished to insure against civil liability. Now the Law Society decided the conditions of the policy and the insurers. The scheme was put into effect after 10,500 solicitors voted in favour of 7,500 against.

Premiums paid under the new scheme had risen from £387 for a single practitioner and £310 for a partner in 1976 to a 1980 forecast of £926 for inner London solicitors and £712 for country solicitors.

Mr Swain, in a sworn statement read by Mr Lewis, said he and Mr McLaren had received numerous letters of support from solicitors throughout the country, mainly those with small practices.

The hearing continues today.

Vandals may have caused deaths from drowning

Vandals might have caused the death of a man who drowned with his daughter aged five, the leader of a life-saving club said yesterday.

One of two lifebuoys kept on the pier at Portreath, Cornwall, where the pair were swept away by huge waves on Sunday night, was missing, and the other was in such poor condition that it disintegrated when thrown to the father.

Mr Neil Sowter, aged 22, leader of the Portreath Life

Saving Club, said: "There is the possibility that this was due to vandalism. If only one of those lifebuoys could have been used, it might have been a different story as far as the father was concerned."

Mr Nicholas Turner, aged 33, of Westmoreland Terrace, Chelsea, London, had taken his daughter, Alice, on to the pier. His wife watched helplessly as surfboard riders fought to save the child, who was brought ashore and died in hospital. Her father's body was washed up

Couple who left babies with dogs are freed

Our Correspondent

A couple were freed at York Court yesterday after jailed for abandoning two baby daughters in a full of dogs. David, aged 33, and his wife, aged 29, were sent to prison for six months last month.

Police, alerted by worried social workers, broke into their council house in Newcombe Road, Scarborough, and found Jackie, aged two months and Kathleen, aged 18 months, lying in "filthy conditions" in cots balanced on furniture amid the family's nine dogs.

Judge Arthur Myerson, QC, in allowing the appeal, said there was no history of maltreatment, nor was there any suggestion that the babies were beaten or persistently underfed. He varied their sentences to 12 months' probation.

Worker awarded £3,500 damages against BL

Mr Stanley Richards, a BL assembly worker, who injured his back while trying to "get on with the job" by moving a heavy load single-handed, was awarded £3,500 damages in the High Court yesterday.

Mr Richards, aged 40, of Brambling Way, Blackbird Leys Estate, Cowley, Oxford, was held 50 per cent to blame for the accident, which happened at BL's Cowley plant in August, 1976, when he was attempting to move some pallets.

Judge Hawser, QC, ruled that although Mr Richards should not have been required to move the pallets, he should have complained strongly to his foreman. The damages award, with costs, was against BL, who had denied liability.

Eistedfodd president

Mr Delwyn Williams, Conservative MP for Montgomery, a critic of the National Eistedfodd's "Welsh only" rule, has agreed to become a president of the festival. He is likely to address the audience in English.

Pickets who assaulted lorry driver are fined

Two official pickets who were said to have punched in the face a lorry driver whom they had earlier tried to stop leaving the Book Centre, Great North Road, Neasden, London, were each fined £70 with £40 costs at Middlesex Crown Court yesterday for assault and causing bodily harm.

One of the pickets, Malcolm John Fleming, aged 28, of The Hyde, Hendon, London, was sentenced to six months' imprisonment, suspended for two years. The other picket was Luis Mosquera, aged 27, of Church Road, Willesden, London.

Mr Gerald Gordon, for the prosecution, said that during an industrial dispute at the Book Centre last April, Mr Colin

Clarke, the lorry driver, drove off after the two pickets tried to stop him. About 15 minutes later the two defendants pulled out of a lorry in a car in front of the lorry. Mr Clarke was punched in the face three times by Mr Fleming.

Mr Mosquera pleaded guilty to assaulting and causing actual bodily harm to Mr Clarke. Mr Fleming, for the defence, said that while they pleaded guilty the prosecution case was not entirely accepted.

Mr Clarke wound up the window of the lorry cab when it was stopped and Mr Fleming, in wrenching his arm free, struck Mr Clarke. They had not set out with the intention of assaulting him.

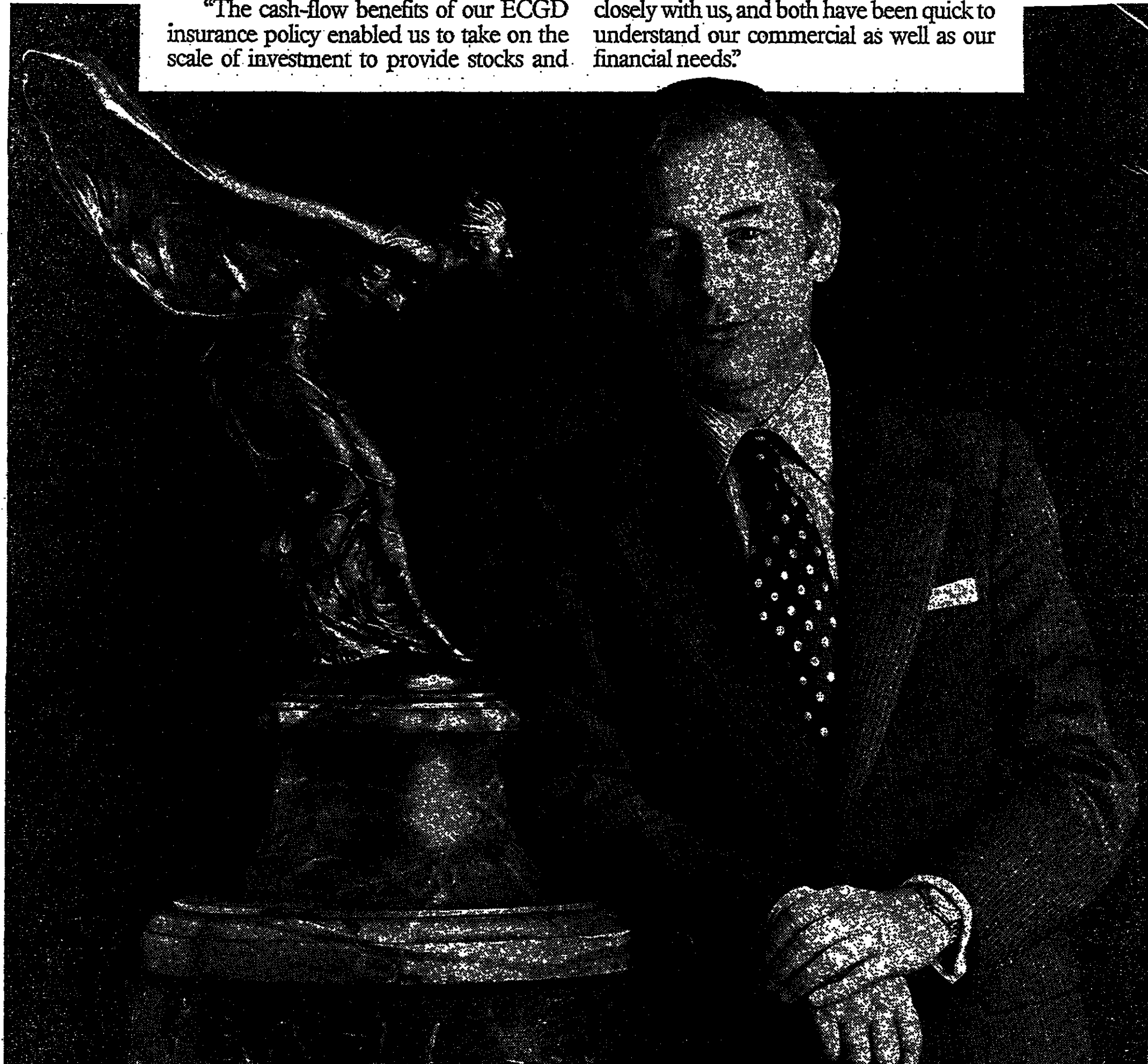
"WHY OUR EXPORT PIPELINE IS FULL OF CARS-NOT PROMISES"

"Eight years ago we decided to reduce our dependence on home market sales by going harder for exports-especially to North America," says David Plastow, Group Managing Director, Rolls-Royce Motors Ltd.

"The cash-flow benefits of our ECGD insurance policy enabled us to take on the scale of investment to provide stocks and

back-up services so essential to our business, and ensured that we could deliver on time.

"With ECGD backing we've achieved our objective—our car exports this year will approach the £75 million mark, 60% of our production. Throughout this period of rapid growth ECGD and our bankers have worked closely with us, and both have been quick to understand our commercial as well as our financial needs."



ECGD insures from date of contract or despatch of goods. Cover is available for contracts in sterling or other approved currencies for: Continuous sales worldwide of raw and processed materials, consumer goods and production-line engineering goods. Sales to and by overseas subsidiaries of UK firms. Sales through UK confirming houses and by UK merchants. Single large sales of capital equipment, ships and aircraft. Constructional works contracts. Services. ECGD also makes available: Guarantees to banks providing export finance, often at favourable rates of interest, including project loans and lines of credit to overseas borrowers. Guarantees for performance bonds. Guarantees for pre-shipment finance. Consortium contingency insurance. Cost escalation cover. Tender to contract cover. Cover for investments overseas. For full details call at your local ECGD Office.

To make an appointment or for information contact the Information Office, Export Credits Guarantee Department - quoting reference TY - at Glasgow, Belfast, Leeds, Manchester, Birmingham, Cambridge, Bristol, London West End, Croydon or Tottenham offices or Joan Swales, Information Section, ECGD, Aldermanbury House, London EC2P 2EL. (Tel: 01-606 6699, Ext. 258).

ECGD

INSURANCE FOR BRITISH EXPORTERS.



THE CHANGING FACE OF BRITAIN

The changes are small. But they're real enough. And sadly most are not changes for the better.

Not very long ago, we saw ourselves, as everyone else does, as a first-class nation. Now we seem to have lost our belief in ourselves.

And it's beginning to show.

20 years ago, our living standard was one of the highest in Europe.

Now it's just about the lowest.

The reasons for this are complex.

And it's far too easy to sit around arguing amongst ourselves over where we've gone wrong, rather than start trying to put things right.

One of the most immediate and certainly most effective changes we can make is to correct the curious attitude we have towards imported manufactured goods.

The British customer is just about the only one in the world who actually seems to prefer to buy a foreign product, rather than one made at home.

There can of course be valid reasons for buying imported goods. It's sometimes hard to find a British made product among all the foreign alternatives.

Which only goes to prove how serious the problem has become.

But far too often, a British made product which in many cases is as good as any in the world - and recognised as such in other countries - has a bad name in Britain just because it is made in Britain.

And this is particularly true for the motor industry.

As the only British owned volume car maker, BL directly or indirectly supports some 2 million people.

It has a heavy investment of public money, the fruits of which are now beginning to come through.

The new Mini Metro and the Leyland T45

truck are just two examples of many exciting new products.

BL certainly has a tremendous amount to gain from a positive shift in attitude towards the British buying British.

But the problem sweeps right across the nation. It affects the whole of manufacturing industry.

And make no mistake. It affects you, and your own way of life.

So next time you set out to buy *anything*, but especially a motor car, take a look at the British made product first. Then, if it doesn't suit you we'll be surprised. But we'll have no complaint.

ISSUED MAINLY IN THE INTERESTS OF BL BUT ALSO ON BEHALF OF BRITISH MANUFACTURING INDUSTRY.

WEST EUROPE



A collision in fog in Normandy resulted in two deaths and this traffic jam.

Five face massacre trial in Madrid

Madrid, Feb. 18.—The Madrid Civil Governor banned all demonstrations today as five extreme-rightists went on trial accused of involvement in the so-called Atocha massacre of four communist lawyers and an assistant in January, 1977.

Student groups announced anti-fascist protests and extreme rightists called for a "hunt of reds" as the trial opened amid stringent security precautions in a packed court.

The killings of which the five are accused occurred in the Atocha district of Madrid, in a week in which 10 people died in political violence. The Government said the events were an attempt to provoke the armed forces into staging a coup to prevent the advent of democracy.

According to the state prosecutor, the Atocha attack, in which four other lawyers were seriously wounded, was part of a feud between officials of a state-run transport union and unrecognized Communist labour leaders.

The victims represented a workers' leader, Señor Joaquín Navarro, who was prominent in the dispute.

The victims' lawyers are bringing a parallel private prosecution against the accused man. They assert that the killings were part of a wider conspiracy against democracy.

Defence lawyers are expected to contend that the gunmen acted without premeditation.

Printers use grapple hooks in Berlin Wall escape

Berlin, Feb. 18.—Two East German printing workers used grapple hooks and rope to flee across the Berlin Wall in a dramatic escape reminiscent of Robin Hood in the early 1960s.

West Berliners, incensed by the shooting, demonstrated nearCheckpoint Charlie, but Western Allied officials were powerless to do anything to help him as he lay for hours near the wall bleeding.

Some 170 East Germans fled to West Berlin in 1979, most of them border guards who walked across. Other escapees involved the use of diving equipment to swim under water across one of the city's border rivers, use of a diplomatic CR, and outside Berlin, a crossing into West Germany in a home-made hot air balloon.

The German and West Berlin authorities see East German escapees as citizens from the other half of a divided country, and give them West German passports.—UPI.

A dent in French school tradition

From Ian Murray Paris, Feb. 18

Schoolchildren in Paris were told today that their summer holidays will start after class on July 3 and will end on the 10th.

Rather surprisingly, this simple announcement is the first tangible sign of an attempt to change French society in a profound way; for it was made, not by the state, but by the office of the Paris director of education.

It was Napoleon I, who by decree on March 17, 1808, made education in France a state monopoly. That meant that it was centrally controlled and that the state made all the decisions, including holiday dates.

At France was an agricultural country, the school holidays had to conform with the needs of agriculture. Children were, after all, cheap labour on the farms. Since the harvest season in rural areas stretches from late June to early October, the summer holidays took account of this, and winter and spring holidays were squeezed to a week or 10 days.

Nowadays, with weekends and national holidays, however, French schoolchildren probably have more days away from school than any of their contemporaries in Western countries. At the moment the average school is shut for 210 days a year, and therefore open for only 155.

At the same time, the average French schoolchild spends at least as many hours

at school each year as a child from any other country; and the need to cram a whole year's work into so short a period means that boys and girls loaded down with homework.

For decades the system had been under attack, but it was so deeply rooted in French life, especially with its Napoleonic roots, that it had never been successfully challenged. There have been numerous reports and books on the subject, showing that France's productivity as an industrial nation suffers badly from the annual closedown. One recent estimate put the figure at 30,000 francs (£2,200) a year. At the same time, roads become snarled, trains and airports packed and hotels and resorts overbooked in concentrated periods.

The effect on children, too, has caused growing worry. They have to work at two speeds—flat out during term time with anything up to 70 hours work to do each week. Then comes the long holiday when parents—especially now that there are so many working mothers—just do not know what to do with their children. The powerful farming lobby with strong allies among the teachers, however, was able to retain the status quo in the face of all the arguments until M. Christian Beullac, the Minister of Education, happened to visit a small village school in the high plateau of Lozère.

The schoolmistress complained to him that in the

Italian party returns to old line

From Peter Nichols Rome, Feb. 18

After three days of fruitless manoeuvring, a lot of shouting and some acts of physical violence, the national congress of the ruling Christian Democrats can be said to have started serious work about noon with a decision depriving congress of its right to elect the party secretary.

The decision was taken at a meeting this morning of leaders of all the factions. As a result, the principal figures in the party felt free to show themselves on the rostrum rather than leaving their minor spokesmen to make the preliminary forays.

The first weighty speech since the outgoing secretary's report, delivered on Friday, came from Signor Arnaldo Forlani, one of the main contenders for secretary. He avoided pronounced criticism of Signor Benigno Zaccagnini's report but won applause for a cautious approach to the question of relations with the Communists.

To "speak" to the idea of having the Communists in government would be mistaken and irrational, he said, but it was equally irrational and self-damaging to exclude the alternatives.

There is at least another day of delay to come. Signor Forlani's approach looks so far to be the closest to the general feeling of the delegates. It is compatible with the decision to hand the choice of party secretary to the new national council which will emerge from congress.

Faces and outlooks do not much change in the Christian Democratic Party. Signor Zaccagnini put into power as a relatively unknown figure with a label of honesty who was expected to bring renewal to the party's organization.

He did not manage a renewal, in spite of his popularity. It would be difficult to say whether he failed because genuine reform was not really wanted by the party or whether he tried too faithfully to carry out the political vision of Aldo Moro, the party president, who saw Italy's political future in an agreement between Catholics and Communists.

Mr Moro's capture by terrorists in March, 1978, and subsequent murder seriously weakened Signor Zaccagnini, who nevertheless kept strictly to the thinking of his dead master. The result was that his enemies at this congress found that the ideal form of attack was anti-Communism, which the Afghan crisis did nothing to hinder.

OVERSEAS

Mugabe call to disband Selous Scouts and armed auxiliaries

Salisbury, Feb. 18.—Mr Robert Mugabe, the guerrilla leader, urged Lord Soames, the Governor, today to disband and disarm Rhodesia's security force auxiliaries and the crack Selous Scouts Army unit.

Two members of the Selous Scouts, a highly-trained tracking unit, died when a bomb wrecked their car last Thursday, the night three other bombs were planted at Salisbury churches.

Mr Mugabe said today that the two Scouts were planning to plant their bomb at a fourth church as part of a plot to discredit his Marxist Zanu (PF) party and church and anti-religion. "It is high time the Governor disband and disarm them (the Scouts and auxiliaries) completely," he told a press conference.

Early today, a huge bomb demolished part of a two-storey building in the Midlands city of Gwelo used by several black political parties. Police said they had not discovered who planted the bomb or who was the intended target.

Lord Soames, who began a fresh round of consultations with black political leaders today, is due to meet Mr Mugabe in the next two days. The Governor is hoping to defuse the political climate in Rhodesia in the last full week of campaigning for pre-independence elections.

British officials insisted meanwhile that Mr Mugabe's forces were responsible for most of the intimidation in the country.

Lord Soames' spokesman, Mr Nicholas Penn, today released a map of Rhodesia with wide areas shaded blue or red to denote Zanu (PF) and UANC areas where other parties found it difficult or impossible to campaign.

One of the red areas where campaigning is supposed to be

impossible was the Mtoko region, east of Salisbury, where Bishop Abel Muzorewa, the former Prime Minister, plans a campaign trip tomorrow.

Another town marked in blue to show that it was difficult for other parties to campaign there was Mrewa, near Mtoko, where most political parties have active offices and where Mr Mugabe's former ally, Mr Joshua Nkomo, held a rally eight days ago. All the areas marked were in those eastern regions where Mr Mugabe draws most of his support.

The campaign for the February 27-29 election has been marred by violence since it began in December. Mr Mugabe has survived two attacks on his life and other political figures, mainly from his Zanu (PF) forces.

He has been shot at or had his houses firebombed. As the date of the election draws closer, several parties have been jostling for position in the race for power-sharing alliances after the poll. It is already virtually certain that no single party will win an outright majority, and some form of coalition seems inevitable.

Four main power blocks are expected to emerge. Mr Mugabe's Zanu (PF) widely believed to be the strongest single party, and the United African National Council (UANC) of Bishop Muzorewa, will share most of the majority Shona tribal vote.

The Patriotic Front Party of Mr Nkomo, has virtually total backing from the Ndebele people who make up about 18 per cent of the electorate.

The whites, under the leadership of Mr Ian Smith, have 20 reserved seats in the 100-member House of Assembly.

The groups are likely to dominate the voting, but the government which emerges is sure to consist of several parties.—Reuter.

OAU denounces use of South African vehicles

Dar es Salaam, Feb. 18.—The Organization of African Unity liberation committee today denounced Britain's decision to use South African military-protected vehicles to help administer the Southern Rhodesian elections.

The committee called it "planned mischief" and said it could lead to infiltration of South African troops or subversive forces in Rhodesia.

The committee said it would be used to help install polling stations in rural areas. Mr Hashim Mbita, the libera-

tion committee's executive secretary, said at a press conference: "We want to register our sincere concern about this dangerous move the British are taking almost on the eve of the elections. We think it has sinister motives."—UPI.

Churches' criticism: The World Council of Churches has deplored alleged violations of the Rhodesia peace agreement and given a warning that unless Britain takes immediate action the elections might not be free and fair.—Agence France-Presse.

Bokassa son-in-law to die for poisoning baby

Bangui, Central African Republic, Feb. 18.—A son-in-law of the deposed Emperor Jean Bokassa was sentenced to death today for poisoning a baby of 10 months.

Dr Jean Bruno Dedeadevo was sentenced on the first day of a trial of 34 people charged in connexion with atrocities committed during the Bokassa's rule.

Another defendant, Yvonne Bitagala, was sentenced to 10 years' hard labour for complicity in the same crime.

A former Secretary of State for Social Affairs in the Bokassa Government, Mr Prosper Tholin, was given a six-month suspended sentence for burying the baby clandestinely.

The baby's father was executed during Bokassa's rule. Mr Bokassa himself probably took part in some of the killings.

Mr Bokassa is living in exile in the Ivory Coast, which has made no move to Grand President Bangui's request for his extradition.

Other defendants at the trial include two former officers in Mr Bokassa's palace guard, General Mayomokola and Colonel Pierre Inga, who both are charged with murder.—Reuter.

Gromyko offer to reopen arms cut talks

Moscow, Feb. 18.—Mr Andrei Gromyko, the Soviet Foreign Minister, promised West European countries that the Kremlin was ready to continue disarmament talks that warned the United States that Moscow would not allow it to obtain military superiority.

Mr Gromyko said in a speech quoted by Tass that the Soviet Union had no choice but to draw the appropriate conclusions for its security from Washington's tendency to play the "Chinese card".

His speech to a meeting of voters near Moscow put the blame squarely on the United States for increasing East-West tensions, and gave no hint of any early withdrawal of Soviet troops from Afghanistan.

He coupled his tough words to the United States with conciliatory language towards Europe, hinting at Moscow's readiness to pursue disarmament talks "on a constructive basis".

Mr Gromyko said the Soviet Union wanted to resume all disarmament talks, both bilateral, which had been suspended for various reasons or put off.

"We confirm our readiness to sit down at the table for relevant talks on questions of disarmament concerning Europe if the Nato decision on American medium-range nuclear missiles in Europe is cancelled, or if its implementation is at least officially suspended," —Reuter.

Intimidation 'psychological rather than physical'

Guerrilla region prepares to vote

From Nicholas Ashford Wedza, Southern Rhodesia Feb. 18

Sister Luit, the African principal of the Mount St Mary's mission in the Wedza tribal trust land, said today that her eyes become moist when she remembers the bombing and fighting which took place near the mission during the past two years.

"The bombing was worse," she recalled. "It was so difficult to find somewhere to hide the hospital patients and the children. But there was so much shooting, too."

However the war has ended now and Wedza, which was once considered one of the "hottest" areas in the Rhodesian guerrilla conflict, is at peace. "It has been very quiet here since the ceasefire began," Sister Luit said. "We feel at peace for the first time in three years."

According to information supplied to Lord Soames, the Governor of Southern Rhodesia, the Wedza tribal trust land, situated about 90 miles south-east of Salisbury, has been one of the areas most seriously affected by political intimidation during the election campaign. But for most of the 18 years living here, the overwhelming reality of their daily lives is that they no longer have to live in fear.

Since 1976 they had been caught in the middle of the Rhodesian conflict. Mr Robert Mugabe's Zanu guerrillas infiltrated the region, closing schools, wrecking cattle dips, blocking roads and maiming or murdering those who were considered sell-outs. The Rhodesian security forces responded with equal ferocity. They also closed schools, burnt villages, destroyed food supplies and were widely indiscriminate in their use of force.

There is little doubt that during the three years' fighting in Wedza, Mr Mugabe's Zanu (PF) party succeeded in imposing its will on the majority of the people. "This was virtually a closed area" as far as civil administration was concerned," said Mr John Matthews, the British election supervisor in Wedza. "In more than one third of the area civil administration had ceased to function altogether. The word of the Zanu guerrillas was law here."

Most—but not all—of the guerrillas have left the area and have gathered at assembly points. However the fact that some have remained behind has led to accusations that they are intimidating the local population into supporting Zanu (PF) and have virtually excluded other political parties from the region.

Mr Matthews admitted there had initially been considerable evidence of intimidation; but he felt the situation had steadily improved during the past three weeks. He pointed out that apart from one supporter of Mr Mugabe, who had been shot dead by a security force auxiliary (he had been carrying a wooden replica of an AK47 gun) there had been no killings, ambushes or abductions around Wedza since the election campaign began. Such intimidation as there had been, was psychological rather than physical. "I think if the situation stays as it is now, we will be able to justify a reasonably free and fair election here."

During my extensive tour around Wedza, the people seemed to be happily enjoying the calm that had fallen over the region. In Wedza town itself, Zanu (PF) the UANC and the Patriotic Front all had offices in the ramshackle main

street less than 100 yards from each other; and supporters could be seen walking quietly around in their respective party T-shirts. There had been no tension between them. In tribalships deep inside the tribal trust land it was not uncommon to see election posters for Mr Mugabe and Bishop Abel Muzorewa passed on the same building.

According to Mr Edom Gayaza, vice-chairman of Zanu (PF) in the Wedza district, the security force auxiliaries were to blame for whatever intimidation was taking place in the district. He said the auxiliaries had been deployed throughout the tribal trust land as soon as Zanu's guerrillas had withdrawn to their assembly areas when the ceasefire started. They had been trying to stop people attending Zanu (PF) meetings, tearing down Zanu (PF) posters and distributing leaflets in support of the UANC.

"We don't understand why Lord Soames is always threatening action against us but not the auxiliaries," he said. "We think he is being one-sided."

Mrs Jane Mushonga, the local UANC representative, admitted that the auxiliaries had been supporting her party "but only when they are in civilian clothes". She asked people to support "fine freedom" and to resist "Marxism socialism".

She complained that it had been difficult for the UANC to hold meetings in the tribal areas because of the presence of guerrillas. "They are not armed, but they warn people they will be killed if they attend our meetings."

Reluctant EEC to debate Afghanistan

From Michael Hornsby Brussels, Feb. 18

An attempt to force the differing responses of EEC countries to the Soviet invasion of Afghanistan will be made tomorrow at a meeting of foreign ministers of the Nine in Rome.

A boycott of this summer's Olympic Games in Moscow and restrictions on trade with the Soviet Union are expected to be among the subject discussed, but the main focus of the meeting, done so far at the level of officials suggests a minimalist response.

There is still a wide gulf between Britain, which has broadly backed President Carter's tough line on Russia, and France, which argues that events in Afghanistan should be seen as a local episode rather than as evidence of a new era of Soviet expansion, and that the EEC's response should be tailored accordingly.

The French are said to be reluctant even to discuss the Olympic Games in Rome tomorrow, and preliminary drafts of the final communiqué drawn up by foreign ministry officials from the Nine are reported to make no mention of the games.

In addition to arguing for a boycott of the Olympic Games, Lord Carrington, the Foreign Secretary, is expected to press strongly that British surplus food should not be sold to the Soviet Union at prices less than those paid to the farmers who produced it.

This would go much further

than most other member states, or the European Commission, could justify. Indeed, the French and the Irish have already criticized as excessive the existing controls on butter exports.

A key role in the Rome discussions is likely to be played by the German Foreign Minister, who has been oscillating up to now between the French view and a position closer to that of the British.

The German are said privately to hold the view that it would be unthinkable for EEC athletes to take part in the Olympic Games in the event of an American boycott which now is almost certain as President Carter has set a deadline of February 20 for the withdrawal of Soviet troops from Afghanistan.

Further insight into the French view was given here today by M. Claude Cheysson, the EEC Commissioner in charge of aid to developing countries. He accused the United States of having "a tendency to treat all problems in quasi-military terms, using their power as a food producer as a weapon against the world."

The American embargo on food-grain sales to the Soviet Union was intolerable to Europeans, who "have no wish to tackle the world's problems in power terms, and who are very attached to the surplus of food relations, particularly in areas of scarcity," M. Cheysson said.

He was apparently expressing a personal view and not that of the Commission as a whole.

Tass harsh on Thatcher speech

From Our Correspondent Berlin, Feb. 18

Lord Carrington, the Foreign Secretary, said on West Berlin television last night that Western Europe had made a mistake and missed an opportunity when the situation in Afghanistan became very dangerous.

He said that all nine prime ministers of Western Europe should have met and agreed on a European approach at the time. This was not done, and in Lord Carrington's opinion, this was a mistake.

Lord Carrington did not think that the statement made by the Nine on January 15 and again their statement after the Franco-German summit differed essentially from that of the Americans. One could undoubtedly exaggerate differences between Europe and America, and differences among the European countries. But he did not think that answers and reactions always had to be identical.

What mattered, Lord Carrington continued, was that there should be agreement

Carrington view of lost chance

From Our Correspondent Berlin, Feb. 18

The attacks by Lord Todd, the President of the Royal Society, and Professor Philip Handler, the President of the United States National Academy of Sciences, since they were made personally and not as representatives of governments were far sharper than any the Soviet Union had heard from governments or diplomats.

British delegation members said Lord Todd's speech was the strongest criticism ever made by a British scientist against the Soviet treatment of his colleagues.

"I wonder, does the Soviet Government... realize the extent and the depth of the resentment which is being caused, particularly among young scientists, throughout the world by its actions towards many scientists in Russia, not one or two, men like Sakharov, Orlov, Shcharansky, all kinds of people?" he said.

The harsh treatment meted out to some of the scientists for what in the West would be considered comparatively minor disagreements with authority was rapidly undermining the possibility of real co-operation.

He called on Soviet scientists, who he emphasized were responsible for what was happening, to impress upon their government the urgent need for change. "If there is to be no such change I foresee, greatly to my regret, that there can be little chance for true cooperation between us," he said.

Professor Handler pointed out that many eminent American scientists had called on their delegation to boycott the conference. Thousands of them had declared themselves personally unwilling to engage in scientific interchange with the Soviet Union, until it to Dr Sakharov and Soviet scientists in jail.

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OVERSEAS

Gandhi fear of threat to authority reason for state dissolutions

From Richard Wigg
Delhi, Feb 18

Mrs Gandhi's need to give jobs to those who have recently joined her bandwagon, and her abiding fear of any challenge to her authority lay behind last night's Cabinet decision to dissolve the legislative assemblies run by the opposition in nine Indian states.

President Sanjiva Reddy signed the order, without apparently demurring, under Article 356 of the Constitution in the section on emergency provisions and the failure of constitutional machinery in the states.

However, Mrs Gandhi's Government is justifying the assumption of direct rule from Delhi, pending elections in the nine states, on the grounds that voters there clearly showed at last month's general election that their sympathies were with the Congress Party.

Mrs Gandhi is carefully invoking some argument adopted by Mr Charan Singh, when he was Home Minister in the Janata government, for ordering similar dissolutions after the general election of March, 1977.

Janata's use of the same device left only two voices able, with any sincerity, to criticize Mrs Gandhi's move — Mr C. Chagla, the distinguished jurist, and Mr E. K. Nayanar, the Marxist Chief Minister of Kerala State.

Mr Chagla today described the move as "a blow to democracy and federalism", while Mr Nayanar said grimly in a television interview that the dissolution proved the hopes that the mistakes of the Emergency period would not be repeated were misplaced.

Mr Sharad Pamar, the Chief Minister of Maharashtra, who led in Bombay a Congress-Lok Sabha alliance opposed to Mrs Gandhi, was even more dramatic. He said, "The struggle has started".

The dissolution means that the biennial elections in the nine states to the Rajya Sabha (Upper House of Parliament) where the states are represented, will be postponed.

After the state elections Mrs Gandhi should be near her goal of controlling the Upper House as well as the Lok Sabha, where, with her allies, she already commands a two-thirds majority.

Though Mr Zail Singh, Mrs Gandhi's Home Minister, had for days been orchestrating a campaign about the alleged deterioration of law and order

in the non-Congress states, yesterday's decision was something of a surprise.

There may still be legal complications and one Maharashtra assemblyman has already gone to the Bombay High Court seeking a judicial review of the reasoning behind the President's action. But the unanimous decision of India's Supreme Court in April 1977, upholding the "President's verdict" argument, makes the prospect look fruitless.

Unless there is a dramatic reversal of voting patterns, several of the new state governments likely to be elected will be creatures of Mrs Gandhi.

In Tamil Nadu, for instance, she resuscitated one wing of the Tamil regional party, the DMK, which did not have a single seat in the Lok Sabha before last month's general election and was in opposition in Madras.

In the key northern state of Uttar Pradesh, which is also to go to the polls, Mrs Gandhi had already installed a new governor who has a reputation as a tough administrator.

Mr Sanjay Gandhi has had Mr Jag Mohan, one of his closest aides, appointed Lieutenant Governor of Delhi, virtually the capital's chief executive.

Mr P. S. Bhinder, another friend of the Prime Minister's son, was recently appointed Delhi's police chief.

Mr Bhinder was acquitted last October of responsibility for the murder of a famous dacoit (bandit) who had allegedly plotted to assassinate Mr Gandhi and his mother during the Emergency. However, four police officers, who were junior to Mr Bhinder at the time were found guilty of a conspiracy that resulted in the drowning of the dacoit in the Yamuna River while he was in custody.

Both Mr Bhinder and Mr Mohan were selected over many officials, senior to them, who might have expected to get the posts.

The Shah Commission, when it inquired into demolitions of slum properties during the Emergency, remarked of Mr Mohan that he "grossly misused his position and abused his authority", going about the bidding of Mr Gandhi "without concern or care for the miseries of the people affected".

Mr Mohan, taking up the post yesterday, said that there would be "no victimizations" but announced that his priorities would be "improved law and order" and punctuality and hard work from officials.

Troops bar mayors from meeting in Jerusalem

From Moshe Brilliant
Tel Aviv, Feb 18

Israeli soldiers manned check points at road blocks in the occupied West Bank this afternoon to prevent mayors and other Arab personalities from travelling to Jerusalem for a political meeting in El Aqsa mosque.

The meeting was called to protest at the expropriation of Arab land and the plan to settle Jews in Hebron.

The military government was unable to ban it outright because the former Jordanian sector of Jerusalem is annexed to Israel and is not under its jurisdiction. An Army source said the administration had objected to political agitation in an Islamic religious setting for fear it would inflame passions. El Aqsa mosque is on Haram es-Sharif, the Temple Mount.

Prominent West Bank leaders will have a chance to air their grievances tomorrow when they meet Mr Donald McHenry, the American representative to the United Nations, who arrived in Jerusalem today from Jordan.

He indicated on arrival that the subject of settlement will figure prominently in his talks with Israeli leaders including Mr Menachem Begin, the Prime Minister.

The curfew in central Gaza, which had been imposed on Saturday after two terrorist grenade attacks, was lifted today. Military headquarters said a gang of suspects had been rounded up. The Israeli defence forces radio said the 10 suspects were responsible for five other terrorist attacks recently.

The death toll from Saturday's attack reached four today, when a local Arab died of his injuries.

Two more bombs were found in an open air market in Ramle between Jerusalem and Tel Aviv this afternoon and were dismantled. A hawk found one in a bag of fruit under his stall and the police found another about 30 yards away when they combed the area.

Officials in the security services called upon the public to show heightened alertness. Terrorist activities are likely to be stepped up as the time comes for the opening of the Egyptian Embassy in Tel Aviv.

Girl of 16 reprieved

Perth, Feb 18.—The Western Australian Government has committed to life imprisonment a death sentence imposed on a girl of 16 for the murder of a policeman.



Waiting for the voters: Leaders of the three main parties in the Canadian general election all express public confidence while waiting for the electorate's verdict. Mr Pierre Trudeau, the Liberal leader and former Prime Minister, goes skating in Toronto (left); Mr Ed Broadbent (top) leader of the New Democratic Party gives



a thumbs up sign while refuelling his aircraft at Winnipeg; and Mr Joe Clark, the Progressive Conservative Prime Minister, and his wife acknowledge the cheers of supporters at a party rally. The latest opinion polls suggested that Mr Trudeau would be returned to power. But the polls indicated that the Liberals

might emerge only as the largest party in the 282-seat parliament so that Mr Trudeau would have to form a minority government. The voting in 65,166 polling stations from Labrador to the Yukon yesterday needed 16 hours to complete, as Canada covers four time zones. Mr Trudeau was voting in Quebec and Mr Clark in Alberta.

Puerto Rican Republicans give Mr Bush a clear victory

From David Cross
Washington, Feb 18

Mr George Bush, a former director of the Central Intelligence Agency, who has emerged as a strong challenger for the Republican presidential nomination, ran true to form in yesterday's primary election in the Caribbean island of Puerto Rico.

With about 90 per cent of the votes counted, Mr Bush had won 62 per cent, compared with 36 per cent for Senator Howard Baker, the moderate Republican leader of the Upper House, whose campaign has still to take off.

The only other Republican to make any effort to win votes in the territory, Mr John Connally, a former Governor of Massachusetts, finished a disastrous third with a mere one per cent.

Mr Ronald Reagan, the former Governor of California, who still expects to win the nomination at the Republican convention in Detroit in July, was not a primary candidate in Puerto Rico, but received a few written-in votes.

Mr Bush described the outcome as "another overwhelming victory", coming after his win in last month's local caucuses in Iowa.

"It will provide my campaign with new momentum going into the New Hampshire primary. I have stressed that mine is a national campaign. The regional campaign and the results today proved it," he said.

A spokesman described Senator Baker's performance as encouraging and attributed Mr Bush's win to his decision to court campaigning in Puerto Rico 10 months before the election.

That analysis of the reason for Mr Bush's success is acknowledged by most political commentators. His organization on the island has been highly efficient and his son Jeb, who speaks fluent Spanish, has spent much time canvassing for his father.

One issue dominated the campaign, the question of Puerto Rico's political future. The leading candidate, Mr Bush, has long advocated a referendum on the island if they were elected.

The result means that Mr Bush will receive the votes of all 14 delegates that the island will send to the convention. The Democrats will hold their primary in a month's time.

The only other part of the country to complete its list of delegates to the Republican convention is Arkansas. On Saturday, Republicans in the state selected delegates for Detroit. Seven support Mr Reagan, four Mr Baker, two Mr Bush and one Mr Connally. Five others are uncommitted.

On the Democratic side, the final results of last week's caucuses in Maine showed that President Carter's lead over Senator Edward Kennedy is wider than was expected when preliminary results were announced.

Mr Carter got 46.7 per cent of the delegates to the caucus. Mr Kennedy, who was expected to do better than the President in the popular vote, got 38.9 per cent, although the senator did better than the President in the popular vote.

The result means that Mr Carter will probably secure 12 delegates and Senator Kennedy 10. The delegates will meet in May to appoint votes at the national convention in New York in August.

Leading article, page 13

Syrians kill eight dissidents

From David Cross
Damascus, Feb 18

Syrian security forces today attacked a house in the northern city of Aleppo and killed eight members of the banned Muslim Brotherhood organization, an official said.

The security forces were reported to have found a large cache of weapons, including automatic rifles, grenades, hand guns and explosives in the house.

The Brotherhood members were described as "terrorists" who had been involved in a number of murders and assassinations in Aleppo.

The organization has been blamed for the massacre of army cadets in Aleppo last summer and the assassination of Shaikh Muhammad Shami, a close friend of President Hafez al-Assad, in the city this year.

In an interview published yesterday in Beirut, Mr Issam al-Attar, the leader of the Muslim Brotherhood, denied the organization was responsible for the deaths in Syria but added: "We should overthrow the existing regimes in the Islamic world".

Previously they had never used this tactic but when the samovars arrived, they crowded in.

The result was that the workers were ill less often and other factory directors copied the idea. It was even found in a local club that the room with the samovars was more popular than the bar serving beer, which is of some importance in the current Soviet campaign against alcoholism.

By tradition samovars have always been made in Tula, a town south of Moscow. To send samovars to Tula has the same meaning as sending coal to Newcastle.

The steel workers asked Tula to step up the samovar production and a few days ago the samovar-makers came back with the good news that they had embarked on a crash programme to raise their output.

Pravda said thousands of readers had as a result of the steelworkers' letter deluged the paper with requests for the good old-fashioned decorated samovars.

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Factories embark on crash programme to produce two million samovars a year

From Michael Binyon
Moscow, Feb 17

The Russians are suffering from a shortage that strikes at the very roots of their culture and national tradition: there are not enough samovars and those now stocked in the shops are so cheap and ugly that no one wants to buy them.

A samovar is traditionally a brass portable water heater, fuelled by pinecones or charcoal, used for making tea. To Russians it is the symbol of hospitality.

No Russian household was complete without the old samovar, delicately wrought and embossed with the date and head of the Tsar, standing on the table. Many of the families who left Russia after the revolution took with them nothing but their treasured samovars.

Nowadays a good samovar is virtually impossible to find. Shops sell some old-fashioned models which are distinguished only by their shoddiness. The modern versions look, in the words of one frustrated purchaser, like nothing more than zinc buckets.

Former miner is elected Polish Premier

Warsaw, Feb 18.—Mr Edward Zabinski was today appointed Prime Minister in place of Mr Piotr Jaroszewicz who resigned last week.

Mr Zabinski, who is 52, a former coal miner and close associate of Mr Edward Giersek, the party leader, was elected unanimously during a special session of Parliament.

An economist, he has a reputation for being a tough but open-minded organizer. He rose to prominence in Silesia under the wing of Mr Giersek who was party chief in the coal mining region for many years.

Mr Giersek became party leader in 1970. Mr Zabinski was appointed to the Politburo where he took charge of staff and organization.

Mr Zabinski has travelled widely, visiting Belgium, France, Cuba, Algeria, Vietnam, West Germany, India, Britain and the Soviet Union where he was received in 1977 by President Brezhnev.—Reuters.

Russians go back to tea ceremony

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12 killed as rainstorms wreck homes in California

From Ivor Davis
Los Angeles, Feb 18

Californiaans used to living on the edge of disaster with the daily threat of earthquakes, brush fires and landslides today, were recovering from another savage rainstorm.

It was the sixth successive day of torrential downpours which have forced scores of people to evacuate their homes, caused millions of dollars damage and claimed at least 12 lives.

Most of the deaths were of hillside residents drowned or buried alive as mud crashed over their homes and flash floods swept them away down the canyons of Los Angeles. A man of 28 was electrocuted this morning when his home was under 2ft of water.

So far southern California, the most populous section of the state, has had more than 10in of rain in less than a week, which is twice the normal rainfall for this time of the year.

The forecast is for more rain and storms from the Pacific Ocean in the next 24 to 36 hours.

The police have issued mud-slip and flood warnings and have urged motorists to stay off the roads unless their journey is essential.

They say that only when the storm ends will they be able to evaluate the extent of the damage.

In the Hollywood hills Mr Ian Fraser, the English-born composer, failed to save his Steinway piano but he, his wife Judy, and their two children, Hilary and New, were unhurt after mud poured into their home.

Mrs Fraser said: "I was standing besides the window in the back and I thought something had hit the window then I saw mud and trees coming through it." The family managed to take with them some personal possessions and records. Part of the home was covered in mud and they left, fearing "the whole hill is going to collapse".

Los Angeles roads have collapsed and been washed away by the storms. In the Occidental community of Malibu, where 1 live, we woke up today to discover that we are cut off from Los Angeles because the Pacific coast highway, our main artery to the city, is closed in three places because of mud and rock slides and collapsing roads.

Crews have been working all night to clear the road but they failed because of new downpours. Canyon roads leading out of Malibu have also been washed away or closed.

Normal day-to-day activities among most families have been given up and the main topic of conversation is how to cope with the latest disaster.

Revival of Latin in US schools

From Our Correspondent
Los Angeles, Feb 18

After more than 20 years during which Latin appeared to be going the way of the cane and rote learning as an educational tool, the language is enjoying something of a revival in the United States.

The Los Angeles Times reports that teachers are dusting off Latin declensions and Latin clubs are springing up in colleges from coast to coast. Roman chariots have appeared in high school parades.

The teaching of Latin declined in the United States in the 1950s during the space race with the Russians when the emphasis was on science education. Now it is undergoing a revival as a tool for improving the reading skills of city children, particularly minorities.

A Los Angeles programme was started five years ago in two schools for minorities, one Hispanic and one black, to improve the children's English skills by teaching them Latin. Similar programmes have now been started in Philadelphia and Washington for white students. About 4,500 students are enrolled in the programme in Los Angeles.

The programme coordinator says that students learn between 13 and 15 Spanish words a day learning Latin.

"It's all done orally. They learn words in conversational context, through a song or poem or playlet. The words are selected because they have an impact on the English or Spanish vocabulary or indicate some cultural item the students are studying."

"The emphasis is less on Latin grammar than on vocabulary and finding English or Spanish derivatives of Latin words."

Black guerrillas open third front against S Africa

From Ray Kennedy
Johannesburg, Feb 18

Guerrillas of the African National Congress infiltrating from Mozambique into the northern parts of Natal are apparently operating with near impunity, according to the latest incident disclosed by the South African police.

Police headquarters in Pretoria said today that a squad of about eight and 10 guerrillas sacked a shop at Pelindaba, in northern Natal, about 12 miles from the Mozambique border, beat the black manager and a boy and dragged them off saying they were taking them to Mozambique for military training.

They stripped both captives of their clothes, a tree and told the shop manager, Mr Nicholas Ndlovu that he was not worth taking back for military training because he was too unfit.

In a final contemptuous gesture they told the man and the boy to tell what had happened to them to the South African police.

The police said the incident occurred early on Saturday. The guerrillas spoke English, Zulu, Afrikaans and Portuguese, were dressed in olive-green camouflage uniforms, and armed with Soviet-made AK47 assault rifles and grenade launchers.

The police said they also left behind a Mozambique Prelimberet, indicating perhaps that Prelimberet was involved. But it is just as likely that the Prelimberet was deliberately dropped for the benefit of the South African security forces.

The South African authorities disclosed at the weekend that huge dumps of Soviet-made light

weapons and explosives had been uncovered in northern Natal in a widespread "search and sweep" operation mounted by the police and Army.

A police spokesman said the arms captured were sufficient to start a guerrilla war. The police believed the arms, professionally packed in weather-proof covering, had been placed in carefully hidden caches for use later at "selected, strategic targets".

The area where the arms caches were found was revealed, but it was disclosed that the shop raided at Pelindaba was only about three miles inside South Africa from Swaziland.

The area is sparsely populated and rugged hills are arranged in a series of ridges. The guerrillas are about 100 miles east of the northern Natal industrial area, centred round the steel town of Newcastle, and about 250 miles from Durban.

The police said today that further arms caches had been found but they would not give other details. At the weekend they said the discovery of the arms hide-outs was a breakthrough in the campaign against guerrilla infiltration which had been steadily alerting during the past few months.

The attack on the shop and the discovery of the arms hide-outs opened a grim new dimension in South Africa's fight against black nationalist guerrillas who until now have been confined to the border area from central Mozambique aiming directly at the rich Witwatersrand or through Botswana on the north western border.

The development of a third guerrilla front on the northern Natal border will give the South African authorities great concern although, judging from the operations carried out in the area, they are ready for it.

The development of a third guerrilla front on the northern Natal border will give the South African authorities great concern although, judging from the operations carried out in the area, they are ready for it.

£200,000m arms spending blamed for Third World poverty

The third and final article of the report of the Brandt Commission.

By Roger Berthoud

It is unusual for a report on "international development issues" to examine the links between military spending and poverty. But Her Brandt and his colleagues have argued that the industrialized and developing countries are convinced that "more arms are not making mankind safer, only poorer", as they say in their report.

Total military expenditure is approaching \$450,000m a year (about £200,000m), of which more than half is spent by the United States and Russia. Annual spending on official development aid is only \$20,000m. "If only a fraction of the money, manpower and research at present devoted to military uses were diverted to development, the future prospects of the Third World would be entirely different", they add.

While nuclear war remains the greatest danger, conventional, non-nuclear weapons account for 80 per cent of all arms spending. All the wars since the Second World War have been fought with conventional weapons, and have been fought in the Third World, where they have killed more than 10 million people. In some, Korea and Indo-China, world powers have been actively engaged, in others they have been in the background.

Some of the lethal have been fought with "small" arms: for example, the civil war in Lebanon has, the report states, caused more deaths than all four Arab-Israeli wars.

The "North's" sales of conventional weapons to the "South" are increasing, and represent 70 per cent of all arms exports. According to the Stockholm International Peace Research Institute, imports by the Third World in 1978 were

worth \$14,000m, with Iraq, Iran, South Korea, Saudi Arabia, India, Israel and Libya accounting for \$8,700m.

Some Third World countries, like Brazil, were not getting to export arms as well. But 70 per cent of exports were from America (\$5,800m), Russia (\$4,000m), France (\$2,000m), Britain (\$550 million) and Italy (\$620 million).

Exporters often aim to stimulate new demand irrespective of real defence needs, the Brandt report says. But latterly the major powers have become more concerned about their arms sales, and in December 1978 America and Russia held talks in Mexico to limit the transfer of conventional weapons to the Third World: unavailingly, however. The Western powers at least should achieve some restraint in competition between themselves to sell weapons to the Third World.

The report also urges the dis-

closure of all arms exports and the export of arms-producing facilities, but concedes it will not be an easy task. It is equally realistic about the prospect of achieving another of its recommendations, an international levy on trade with a higher rate for arms trade.

Her Brandt and his colleagues regard as real and dangerous the prospect of 30 to 40 nations being in a position to produce nuclear weapons in the next 20 years.

Developing countries cannot be denied the right to install nuclear power plants (which can in many cases later be used to produce nuclear weapons as a by-product). But to eliminate the inspection system of the International Atomic Energy Authority should be strengthened and accepted by all countries.

There can be no simplistic assumption, the report concedes, that money saved by

limiting military expenditure could easily be diverted to development aid.

But the Brandt commissioners are convinced that capital and manpower could be switched from military to peaceful purposes, and that even in the "North" unmet needs in the fields of health, transport and urban renewal could reduce any demand gap caused by cuts in arms production.

The arms race reflects too limited a view of national security, and has produced a situation in which the extinction of mankind is a real possibility.

Instead, the United Nations should have a stronger role in securing the integrity of states. The reduction in national military expenditures which should result would free resources for more constructive purposes, Her Brandt and his team conclude optimistically.

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**Fashion**

by Prudence Glynn

Safety in numbers or first for the few? On March 10-14 Israeli manufacturers will show in London at the Europa Hotel for four days. The clothes I chose to photograph in Tel Aviv are all from participants in the show, and all from houses which already sell in England. I questioned the dates of their presentation since it is only two weeks before British Fashion Week, but the argument runs that since they are exhibiting in Paris, Amsterdam and Düsseldorf as well, it fits because they will pick up the peripatetic buyers in one or other capital and not be bumped by the competition during our major week. The major section of Israeli fashion exports go to EEC countries, where they attract no import duties and are thus competitive. This season in Tel Aviv there was no big gala show for reasons of economy. Just a lot of hard work and a lot of thinking about the future.

■ Right: A jump suit in natural cotton with padded, quilted shoulders hand paired in a feather design. Worn by Eviva Pivco, who can be reached at 264 231 in Tel Aviv.

■ Below, from left to right: By Nirkam from the autumn collection a lovely look for the English. Accordion pleated skirt to just below the knee, gently bloused sweater with a fairisle motif and a new-length cardigan again with fairisle pattern. This one was in claret and natural shades, but pale green or blue/grey was equally pretty. The outfit will retail here at around £85.

■ By Nirkam. Typical fine knit synthetic above the knee summer dress. The body is in white, the stripes black, yellow and turquoise. In stock now at Dickens and Jones.

■ Copper coloured leather coat with a lot of nice detailing by Maquette, a company which sells in volume to Debenhams, mainly on the men's side. Debenhams say that they can get better quality and comparable price in Israel to the Far East. This coat wholesales at around £65.

■ By Sportlife. Shaggy pile, tweed armholed waistcoat worn with a fine checked skirt and strap pants. The most interesting aspect of this house is their use of material. The trousers are made from a synthetic stretch sued, the jacket from the next generation of the boucle look.



Photographs by Yaki Halperin

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A major hazard in reporting Israeli fashion has always been the need to separate what proportion of sales has been generated for emotional reasons and what for practical—the merchandise is superior to that which can be found elsewhere. The same situation obtains all over the world after all, buyers prepared to face widely inflated prices and the press to endure a lot of hassle, because the venue is so exciting.

The point about Israel is that its embattled position adds a political dimension with tense religious overtones; it is not just a question of whether the restaurants are more chic and the flowers in your bedrooms more profuse in Milan than Florence or Rome, or that Paris is a must (wait till they start showing in Clermont Ferrand, but of course they will not) or that your grandmother can't wait from Ireland. Israel after all has been described as "just an out of town branch of Marks and Spencer" and it is true that, with 20 per cent of fashion exports going to that company it is impossible not to feel the weight of the mighty, beneficent name all across the country.

But economic realities certainly show up the seams. There is no need to remind readers that retail figures for clothes have been dropping, that we are now without some famous High Street labels, nor to point out that it is you, the customer, who has brought the situation about with your decision to use what spending power you have in other directions, through necessity or through a disillusion with fashion.

Thus, though there were fewer buyers numerically at the fashion fair in Israel last week, the ones that were there meant business. I thought naively that a shut showroom door signalled no customers; on the contrary, it meant a substantial buyer tucked up inside and busy negotiating a deal. One price on the label, something different when you come to talk numbers. Littlewoods, Tesco—who have excellent fashion now I think—Debenhams, Marks and Spencer, the John Lewis Partnership, maintaining as usual a profile as low and as acerbic as the Dead Sea, will all be making you the beneficiaries of their skilful labours.

By the way, I swear in the Dead Sea again and strongly recommend it for reasons if not of health at least of morale. Not since Hawaii have I felt so positively a willow among hippopotami.

could it have been the same tour group I was encountering? It is only a year back, they might just have reached Massada.

What the major buyers have bought is safety. Elegant, neat suits, just the right leather jacket to wear to the pub on Sunday, sweet clothes for the grandchildren, denim, dungarees, stirrup trousers (they used to be called ski pants) in the now obligatory stretch fabrics—nip out and buy Dupont shares. Lycra is going to be part of your life as I pointed out a couple of weeks back. The next time around the clothes will be as close and as colourful as a skin of paint.

Yes, I am wrong, not the clothes, the fashion, and with a few exceptions gathered under the roofs of Götter, who remain superb. They don't wait for anybody, they just go ahead and do their thing. Begged-Or, lezarded with rumours of collapse but apparently as bright as ever, and a group of individualists shepherded by Eviva whose partner Ora has now gone to do her individual thing, clothes are what you are going to find in Israel. No sign of the shorter skirt, though the car-coat length jacket is very much about, as are trousers narrowing to the ankle. Much of the day-wear is frankly lumpy, much of the evening, vulgar. Much is pretty, flattering and at a nice price.

Herein lies the dilemma for the industry of this state. I am told buyers were writing "volume and price, which is bad for the designers", but then what designers? When I was in Israel in 1977 there was a determined effort to establish a national, individual look which would make the country an essential stop on the already saturated calendar of resources. This effort was exemplified by the Shenkar College, one of the best equipped and best organized design training courses in the world.

In moments of panic you fire the public relations officer and then you fire the designer, digging out that little number which sold so well last year in blue, size 38in. At least, that is what we do, and what I fear the Israelis are liable to copy. On the other hand we have a double handful of names which can command the attention of buyers from all over the world, though a pretty job it has been to get them recognized in their own country. Israel does not, and this is where the Shenkar College is so important.

Selling in volume is fine while you have the technology and you have the price; but with virtually every country in the world, especially with the emergent world, now moving into textiles, to base your future on copying and on an exchange rate which makes you highly competitive must be to die more quickly. There is always going to be somebody, somewhere, who can do it cheaper, but not necessarily anybody, anywhere, who can do what you do so well.

I have a nasty feeling that it will be precisely this moment that the industry will feel that it does not need its financial contributions to Shenkar; that there are too few Indians and too many trying to be chiefs, encouraged by the EA honours degree now awarded by the college. In fact this is quite untrue, since Shenkar combines in my mind an ideal mix of technical expertise, managerial know-how and yet, under the direction of two young English-trained heads of department (chauvinists unite) is dedicated to the ideal of originality and creativity in both textiles and shape.

Even more importantly the two girls, Janet Mee who trained at Kingston Polytechnic, and Tessa Smith, from the Central School, are working closely together and closely, too, with the highly skilled technicians at their disposal. What they want to see is a truly national collection, with individual names prominent, made from Israeli-designed materials—almost all so far is copied, or bought abroad because it is cheaper and smarter.

My own view is that Israel should concentrate on what it does best. That it should narrow the range of clothing that it offers and expand the market areas.

In a highly competitive market you have to aim straight. The easiest target to hit is the one that equates with your own lifestyle—the Italians after all changed the world with Palazzo pyjamas, even if half of them were living in bed-sits. Israel is looking towards South Africa; it ought to try Australia, Egypt. Anywhere where the climate and light is the same as their own country and thus they can relate to it naturally as designers.

Gone are those days where a couturier was expected to dress his ladies down to dewy dawn. Thank heavens for specialization. I shall never forget the agony of great tailors moving round the clock to Madame's evening toilette, or worse still, Mademoiselle's evening toilette. Those robes jeune fille made me quite jeune.

مكنا من الأصل

The armed forces remain on the sidelines, but there is a danger of an ideological split

Turkey: a nation in search of a disaster?

Turkey is like Italy. The economy is always in a mess, but things are not quite as bad as official figures suggest because so much economic activity is unofficial. Terrorism is endemic, claiming the lives of 30 or 40 people every week. For the last 10 years governments have been chronically unstable. Both countries seem to be heading for an unspecified "disaster" which some how recedes before them through the fog, as if unable to assume a clearly recognisable shape.

Instead, things just continue getting gradually worse. Both countries, finally, have sought to free themselves from backwardness through integration with northern and western Europe; and in both the results have brought a degree of disillusionment.

But then again Turkey is not like Italy, or at least the parallel can be sustained only if certain important transpositions are made. In Turkey the consensus underlying the state is not antifascist but Atatürkist, a blend of intransigent nationalism with resolute, western-oriented modernity. Perhaps Italy would be like that if Mussolini had been a real nationalist hero, instead of signing a Concordat with the Vatican, he had proclaimed the abolition of the Papacy and subjected the church to state control, if he had died in 1938 and if his successors had been able to keep Italy out of the Second World War and manage a transition to multi-party democracy.

In that case, perhaps, the Italian Communist Party would still be illegal. The armed forces, not the Church, might be the institution dominating the political class from just off the parliamentary stage. And those who put the limits of free speech to the test, whose iconoclasm united the whole establishment against them, might not be the present radicals who denounce the connection between Church and state but rather their opposites, those who would dare to suggest that such a connexion be re-established.

For so it is in Turkey. The Turkish way to demonstrate that the emperor has no clothes is not to offer free abortion on demand, but to suggest that Turkey should be governed according to Islamic Holy Law. Say that in public, and you will soon find yourself being interrogated by the public prosecutor.



Mr Demirel: encouraging private and foreign investment.



Mr Ecevit: recriminations.

In that sense, the radicals of Turkey are to be found in the National Salvation Party (NSP) led by Professor Necmettin Erbakan. Its predecessor, the National Order Party, was banned in 1971 for "anti-secular" activities, and its deputy chairman is currently being investigated for allegedly speaking against Atatürk (which he denies) during a panegyric on Iran's Islamic revolution which he delivered in West Germany. Professor Erbakan himself is trying to keep within the law for the time being. When I saw him in Ankara two weeks ago he firmly refused all questions about Islam to the Director of Religious Affairs. But he was happy to defend the Iranian revolution. "In England, the Queen is head of the Church, and in Europe Christian Democrat parties are ruling now. So why don't they accept an Islamic party in Iran?"

Professor Erbakan prefers to talk about the economic measures just introduced by the Prime Minister, Mr Demirel, to whose minority government he gives grudging



Izmir last week: troops battle with left-wing extremists after a workers' protest.

support in parliament. "We supported that government so that the nation can see what is Demirel's ideology," he explains, and he believes that the demonstration is being effective. While Mr Demirel talks about borrowing \$1,500m abroad this year and his economic adviser admits that the requirement from all sources taken together is actually over \$3,000m, Professor Erbakan brandishes a quite different set of figures proving (to his own satisfaction) that the real requirement is no less than \$12,000m. "This is a disaster. No country in the world can develop with this kind of borrowing. . . Governments which borrow money from the West are finished now. Now Turkey needs serious government."

Professor Erbakan has given Mr Demirel until May to produce results. After that, when both Mr Demirel's Justice Party (RP) and the Republican People's Party (RPP) of his predecessor Mr Ecevit are seen to have failed, the professor thinks his own party should be given a chance, even though it has only

23 seats out of 450 in the present National Assembly. That suggestion is not taken any more seriously outside the NSP than are Professor Erbakan's financial statistics. What is taken seriously is the possibility that by the spring the government may be sufficiently unpopular for RPP and NSP to think it worth combining to bring it down—which arithmetically is within their power. Some members of the RPP are so disillusioned with their party's performance during its 22 months in office (January, 1978 to October, 1979) that they believe the only hope for it to return to power is in alliance with Professor Erbakan—a formula that was tried, without notable success, in 1974.

The basis for such an alliance now would be nationalist and populist: a defence of Turkish economic independence and social welfare against the neo-liberal policies announced by Mr Demirel. For Mr Demirel has not contented himself with a classic austerity package. He has resolutely opened the door to private investment in-

cluding foreign investment, in a way that breaks with the Turkish "etatist" tradition inherited from Atatürk—ending the state monopolies of cigarette manufacturing and wheat exporting, allowing bigger allocations of foreign exchange for private banks, and offering almost automatic permits for foreign investment up to 49 per cent in a very wide range of industrial sectors.

Mr Ecevit has attacked this package in what many see as a demagogic fashion, asserting that it implies a "Latin American" economic model (i.e. free access for foreign capital and foreign producers at the expense of local workers' interests) which will only work if the democratic rights of workers are suppressed. He warned trade unions to "be aware of the dangers of anarchy and act accordingly within the laws and regulations of a democratic state."

The tone is reminiscent of some Labour attacks on the policies of the present British Government. And indeed the record of the RPP is comparable to that of the Labour Party.

Although it was in power for less than two years, and depended for its bare majority on some very dubious allies, the general feeling is that it missed a historic opportunity. The hopes of almost all Turkey's modern-minded urban classes had been placed in it, as well as those of a growing proportion of the rural poor. Yet in office it showed a lamentable incapacity either to take decisions or to enforce them, and both the economic crisis and the problem of political violence got worse not better.

Much of the blame is laid on Mr Ecevit himself, who appointed people of opposing views to key offices, such as the state planning organisation and the finance ministry, and then failed to arbitrate clearly between them.

A group of decisive by-elections last October forced Mr Ecevit to resign. It has been followed by the usual recriminations. Moderates blame the doctrinaire idealists who ran the state planning organisation for needlessly antagonising the private sector. Left-wingers blame the reformist shilly-shallying of the leader, who allowed himself to be manoeuvred into managing the crisis on behalf of capitalism.

For the moment, there is less talk of the danger of a "fascist" takeover by the supporters of the right-wing leader, ex-Colonel Altan. His party, though back in the parliamentary majority, is not in the government and it was in 1975-77, and therefore has not had the same degree of influence on appointments. Besides, the main cities are under martial law, which means that the responsibility of arming the forces, who have so far resisted being politicised on partisan lines like the police.

The danger of events like those in Izmir last week is precisely that they force the army to appear in a partisan role—as the defender of a right-wing government and its policies against working-class resistance. The issue was an opposition of left-wing workers in a state-owned factory to discriminatory sackings by a new management appointed by the government. Too much of that kind of thing might prompt the army to intervene again in politics directly (as it did in 1960 and 1971) or, even worse, to split on ideological lines.

Edward Mortimer

Bernard Levin

A rare bit of cheese sauce

There is a character in the Bible who complains that "mine own familiar friend, in whom I trusted, hath lifted up his heel against me." And how just how he felt. The familiar friend which hath lifted up his heel against me is *Which?* the magazine of the Consumers' Association. I have counted 48 varieties, and *chez Bive* I once tried mine at a go from a selection much the same size. That *Which?* does not list such masterpieces of the cheesemakers' art as the one-bite *Rigotte*, the majestic *Vacherin d'Aboence* or the rather lurid *Tomme de Savoie*; it is hardly to be wondered at: a guide to cheese which tells you that the holes in Emmentaler are larger than those in Gruyère, but does not tell you that the holes in a Swiss Emmentaler are oval instead of spherical, the fermentation has gone wrong and it is not fit to eat, and says without wincing that Parmesan is "Usually sold grated" is not likely to know about such floridities. But can you believe that it does not list the humble but admirable Reblochon, the nice little Carré de l'Est, the smelly Livarot, Olmutz or Limbourg?

I suppose *Which?* is right to omit *Blue Vinous* as it is so rarely obtainable; indeed, there is a school of thought which claims that it does not exist at all, but was invented by Mr. . . . (I am not going to fill a column in the *Daily Amazon Newsmagazine* when he couldn't think of anything else to write about. Certainly, I have never knowingly tasted it myself, though I have tried that stuff called *Gjetost*, which I insist is not cheese at all but soap, and is liked, as far as I can see, by no one in the world except Katharine, which whole I find a little odd, being the only flaw (and a slight one, you must admit) in the character of that otherwise wholly admirable man. The only other cheese I have tried and do not like is *Bocconcini*, apart from Danish *Blue* of course.

Androux declares that there are 2,000 brands of Camembert, 500 of them in Normandy alone, though I rather suspect he had been at the Weinkasse when he said it. I do not understand why the Germans, who own half the cows in Europe, produce so little cheese; I do understand why de Gaulle once said despairingly "How can you govern a country which has 544 cheeses?"

Incidentally, though it includes *Mozzarella*, has the nerve to list the Danish variety before the Italian, and doesn't point out that you have to keep it in water, or it will dry out in a hoarse manner. Cheese has existed as long as husbandry, and is one of the greatest of all the attributes that puts mankind above the beasts. Its range is comparable to that of wine (another of the attributes, *afraid*), and it provides one of the most profoundly satisfying taste experiences in all gastronomy.

When they take over, Woodrow and I have a plan. He immediately drives down to his house in the country and strengthens the fortifications. I immediately drive to Woodrow's house in the city and drive him to Jernyn Street, and back it (this is no time to stand on ceremony) straight through the front window of Paxton and Whitfield. There, I fill it with cheese, and drive home, rather for Woodrow's. Once I am inside, we raise the drawbridge, and what with his noble cellar and my cheese, we live merry as grigs (for who needs more than cheese and wine? until they come to the end).

At the *Relais de l'Armagnac*, at Luppé-Violles, they serve a dessert which consists of nothing but unfermented goat's cheese from the nearby farm, with white Armagnac beaver ones, with only an abbreviated summary in an appendix for cheese from other lands (though that list puts the total up to well over 700). T. A. Layton's *Guide to Cheese*, which

is not just a dictionary but a comprehensive encyclopaedia of cheese and cheese cookery, includes at least 400 varieties. On the cheese of *fromage* at Ouhies I have counted 48 varieties, and *chez Bive* I once tried mine at a go from a selection much the same size.

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Incidentally, though it includes *Mozzarella*, has the nerve to list the Danish variety before the Italian, and doesn't point out that you have to keep it in water, or it will dry out in a hoarse manner. Cheese has existed as long as husbandry, and is one of the greatest of all the attributes that puts mankind above the beasts. Its range is comparable to that of wine (another of the attributes, *afraid*), and it provides one of the most profoundly satisfying taste experiences in all gastronomy.

When they take over, Woodrow and I have a plan. He immediately drives down to his house in the country and strengthens the fortifications. I immediately drive to Woodrow's house in the city and drive him to Jernyn Street, and back it (this is no time to stand on ceremony) straight through the front window of Paxton and Whitfield. There, I fill it with cheese, and drive home, rather for Woodrow's. Once I am inside, we raise the drawbridge, and what with his noble cellar and my cheese, we live merry as grigs (for who needs more than cheese and wine? until they come to the end).

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Mr Hannay's diamonds were not forever

One hundred years ago, in a letter to *The Times* on 20th February, 1880, Professor Nevil Story-Maskelyne, Keeper of Minerals at the British Museum, announced that an obscure Scottish chemist, James Hannay, had succeeded in manufacturing diamond.

Ever since Smithson Tennant had discovered in 1797 that diamond is a crystalline form of carbon, alchemists had searched for methods which would convert inexpensive forms of carbon into the most prized of gemstones. Many frivolous and unsubstantiated claims of success rapidly followed, and were quickly dismissed, but the methods used by Hannay, and the ring of authenticity about them.

Mr Hannay recognized that since natural diamonds are probably formed under geological conditions of high temperature and high pressure, these conditions would be necessary to manufacture diamond in the

laboratory. He had been working for some time on the decomposition of hydrocarbons at high temperatures and in the presence of certain metals, into hydrogen and carbon, and concluded that at sufficiently high pressures the carbon would be deposited as diamond.

In a series of particularly hazardous experiments he sealed a mixture of bone oil, paraffin and lithium into wrought iron tubes and heated them in red heat in a furnace for 14 hours.

On more than one occasion the furnace was completely demolished as the iron tube exploded, but he persevered with his experiments and eventually claimed that three out of more than 80 attempts were successful. Mr Hannay sent 12 of the tiny crystals recovered from his apparatus to Story-Maskelyne who positively identified them as diamond.

Fourteen years later, the French chemist Henri Moissan

He concluded that at sufficiently high pressures the carbon would be deposited as diamond

claimed success by a completely different technique. He dissolved carbon in molten iron, using an electric furnace, and then rapidly quenched the iron. He believed that the solidification of the iron from the outside exerted an enormous pressure on the still molten core, causing the carbon to crystallise as diamond.

In an exhaustive series of investigations at the beginning of this century Sir Charles Parsons attempted to reproduce the methods used by Hannay and Moissan. Although some small hard crystals were produced he eventually concluded that none of these was diamond, and that the claims made by previous workers could not be substantiated.

The Hannay diamonds are unique in that they are the only known surviving examples of the early claims to have synthesized diamond. The nine

remaining samples, a few tenths of a millimetre across, are still held by the British Museum. In 1943 Bannister and Lonsdale examined the Hannay specimens using X-ray crystallography and concluded that all but one were indeed diamonds. From their measurements and other evidence, they concluded that these diamonds had been made by Mr Hannay. Others maintained that since his results could not be reproduced they should not be accepted.

Three quarters of a century was to pass, following Mr Hannay's announcement of success, before the undisputed synthesis of diamond by the Swedish firm Allmänna Svenska Elektriska Aktiebolaget (ASEA) and independently by General Electric (GE in America).

Although GE announced the results of their work in 1955, it was not until 1960 that secrecy orders permitted ASEA to claim

that they had first produced diamonds in 1953. The minimum conditions necessary for diamond synthesis require pressures around 45,000 atmospheres (300 tons per square inch) and temperatures around 1,200°C to be maintained simultaneously for several minutes. These conditions could not possibly have been achieved by Hannay or Moissan, but the apparatus designed by Tracy Hall of GE was well able to withstand this formidable combination, and still forms the basis of modern diamond "presses".

Since the announcement of successful diamond synthesis by GE, several scientists, including the author, have reexamined the Hannay diamonds using a variety of experimental techniques and have concluded that they are, in fact, fragments of natural diamonds. It is estimated that only the last of these fragments, the one which found their way into the Hannay apparatus is still open to speculation.

Today, synthetic diamonds are produced on a world wide basis, principally by GE and the De Beers organization, and it is estimated that over 100 million carats of synthetic diamonds are now made-made. Although generally small and unattractive (the largest commercially produced crystals are about 1mm across) synthetic diamonds are ideally

suited to many industrial cutting and grinding applications. A batch of industrial diamonds is normally grown in a few minutes, but within the last decade GE and De Beers have shown that it is possible to produce large (5mm, 1 carat) diamonds, some of gem quality, by extending the growing time to about a week. The cost of manufacturing gem-quality diamonds is uneconomical, but as the technology of diamond synthesis improves and the most of mining natural stones increases, man-made diamonds may well penetrate the gem market.

It is interesting to look back and see that the early experimenters were basically on the right track. High temperature, high pressure and a solvent metal are essential features in present-day synthesis. Mr Hannay and his contemporaries were defeated by the limited technology of their day, but their vision and alleged successes almost certainly acted as a spur towards the eventual solution of the problems surrounding the quest for man-made diamonds.

A. T. Collins

The author is Lecturer in Physics at King's College, University of London.

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Her Majesty's underground mail system

Were there still such a thing as the National Suggestions Centre, it would have undoubtedly been heard by now from Mr Nicholas Albery, who has proposed an entirely new method of speeding airmail letters on their way. His plan, which on his own admission is brilliantly simple, is that London Underground trains should carry letter boxes.

Specifically, trains on the Piccadilly Line, which runs to the heart of Heathrow, should have posting boxes for foreign mail. There would then be 36 posting places across London, from Cockfosters southwards, with collections every few minutes. With the simple addition of a sorting staff at Heathrow, Mr Albery believes, foreign mail from London could be delivered almost as quickly as if posted in its country of destination.

There would, of course, be a surcharge, as there is when you post a letter directly on to the night postal trains to Scotland. London Transport would benefit, too, every person wishing to post would have to buy a 10p ticket to get on to the platform.

Not surprisingly, the Post Office has received this novel notion with second-class enthusiasm. When I asked them about it they gave Mr Albery top marks for trying, but pointed out that the small number of letters likely to be rushed on their way by this means would scarcely justify the establishment of a sorting office at

Heathrow, and anyway foreign mail arrived at the airport already sorted and bagged for the airmail letter headquarters at King Edward Street, in the City.

My own view is that Mr Albery's cardinal error is that he has been insufficiently bold. A whole new postal service is waiting to be developed, with letter boxes on all tube lines, offering an unrivalled service of speed and frequency between, say, Richmond and Dagenham, or Barking and Pinner.

Now that the new Tube trains are virtually automatic, drivers could sell postal orders and cash pensions between stations. First-class mail could offer the additional service of unemployed school leavers on each train to throw out letters and packets with such force and accuracy that they landed on the subject, there to be picked up and deposited for collection at street level.

Of course the system breaks down when a letter is addressed to, say Porters Bar or Penge, where the Tube does not run. A simple answer is the return of a greatly expanded tram network; letters could be sorted upstairs, while the lower decks could be occupied by pounds of sausages and other heavy items, ready to be thrown off at the nearest request stop.

A greetings telegram is a pale substitute for an unexpected gift of a pound of olive-oil expertly draped with a thud against the front door by the driver of a passing tram.

The beauty of this mail system is that it would allow the Post Office to get on unperturbed with its main business, which is converting telephone coin boxes to take five pound notes.



Short open season

Peering through the thicket of the leader column to the green fields of the letters page north-east of here, I recently spotted a letter from Lord Ramsey, the retired Archbishop of Canterbury, vouching his dismay at the decision to appoint a new ambassador to Chile.

Its appearance was a little surprising, considering the widespread resentment felt in the

Church of England during Lord Ramsey's reign over the constant interjections into church and state affairs by the late Lord Fisher, his predecessor, his regular platform being none other than the letters page of *The Times*.

Even the current Church of England Yearbook notes in its preface that "retired archbishops, it seems, no longer write letters to *The Times* even though that opportunity is happily open once again."

Lord Ramsey has carefully avoided the limelight since his retirement in 1975, so why should he suddenly choose to burst into print? The explanation must be not far removed from the fact that Dr Coggan had retired 10 days earlier, and Bishop Runcie was not elected until later in the week. With no toes to tread on during the interregnum, Lord Ramsey was able to exercise every Englishman's right to address a nation on the opposite page in a rare moment of complete safety.

First day covers

One hitherto unnoticed group of spectators at the ringside of the Olympic boycott marathon, obscured by the packed throngs of politicians, doom-watchers, sportsmen, pressmen and hypocrites of various hues, are the philatelists. What, they are wondering, will happen to all the planned commemorative Olympic issues, in the admittedly unlikely event of the games being moved or cancelled, or the more likely event

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The King's Cross light

Readers of elephantine memory will recall that, when last squatting in the basement of this page, I appealed for witnesses to help solve the Great King's Cross Lighthouse Mystery. This apparently senseless structure, sitting atop the corner block at the junction of Gray's Inn and Pentonville Roads, has baffled me, and local historians, for years.

Assorted theories are now before me. Ralph Baldry of Golders Green thinks it is the remains of a helter-skelter, part of a funfair which occupied the site between the wars, and the first test match for the killing travellers waiting the pleasure of the LNER. A reader in Iwer, Bucks, guesses it to have been the top of a ventilation shaft for a pedestrian subway joining the main line station to the Metropolitan Line platforms which used to lie to the south-east.

None of these theories impresses Malcolm Holmes, local history librarian of Camden council, although he admits he has no better ones to offer. The building, he says, sits dates from about 1870, and he therefore thinks it too late for a signalling station, especially as both King's Cross and St Pancras were built by then and would surely interfere with any northward flashing. He thinks it may have been a camera obscura, but his own researches have revealed nothing concrete.

Alan Hamilton

FROM SOUTHERN RHODESIA TO ZIMBABWE

هكذا من الأهل



Photographs: Brian Harris

Nicholas Ashford, in Salisbury, discusses the prospects for a transition from civil war and examines the results of years of strife

Partnership dream unlikely to come true

Next week black Rhodesians go to the polls to vote in what is supposed to be the country's first free and fair election to decide whom they wish to head an independent government.

About two weeks later, Lord Soames, the Governor of Southern Rhodesia, who has precariously presided over the territory during the two and a half months since the Lancaster House agreement, will hand over power to the winner or whichever political leader gathers enough support around him to produce a majority in the new 100-seat House of Assembly.

White Rhodesia, the land which took the name of Britain's most celebrated imperialist, Cecil John Rhodes, will then become black Zimbabwe. The emergence of a truly black government after 90 years of white rule—a development which Mr Ian Smith, leader of the country's 220,000 whites and the man responsible for the disastrous unilateral declaration of independence, said would never happen in a thousand years—will have finally taken place.

Only then will Britain have rid itself of a problem that has dogged successive British governments for almost two decades and which has dominated newspaper headlines more than any other foreign policy issue. Whether Britain will be deemed to have fulfilled its obligations to the 6,800,000 black and white inhabitants of Zimbabwe with honour will have to await the analysis of future historians.

Much will depend on the internal political developments that take place during the immediate aftermath of independence. However, there is a growing belief in Salisbury, both among blacks and whites, that the country's problems are still a long way from being resolved; that the years of

anguish caused by an increasingly bloody war and of economic difficulties resulting from sanctions are far from over.

Much will depend on the arithmetic of the coming election. The general assumption among political observers is that none of the nine black political parties contesting the election will gain an overall majority. This means the new government will almost certainly have to be a coalition between several parties—and coalition governments do not have a good survival record anywhere in Africa.

Whoever emerges as head of the new government will soon have to take rigorous action to impose its authority on his coalition partners while at the same time effectively neutralizing whatever party or parties are in opposition. In view of the country's recent history of conflict, its tribal divisions and the huge number of armed people at large belonging to different parties and factions, this could prove to be a painful and perhaps bloody process.

Essentially, there are only three black parties likely to election which are likely to win a substantial number of seats. They are Mr Robert Mugabe's Zanu (PF) Party, Mr Joshua Nkomo's Patriotic Front Party (formerly Zapu) and Bishop Abel Muzorewa's United African National Council (UANC), which won a landslide victory in last April's internal election—an election not contested by Mr Mugabe or Mr Nkomo and was rejected internationally as being neither free nor fair.

However, two other parties, the Rev Ndabingi Sithole's Zanu and Mr James Chikerema's Zimbabwe Democratic Party, may pick up a handful of seats which could be vital in determining future political alliances. Similarly, the white Rhodesian Front Party, which gained control

of all 20 white seats last week, could find itself facing a king-maker between rival claimants to the Zimbabwe throne.

Ever since the return to Rhodesia of Mr Nkomo and Mr Mugabe last month, talks have been taking place about possible future coalitions. Two options seem most likely. The first is a coalition headed by Mr Nkomo, including Bishop Muzorewa and other small parties and underwritten by the Rhodesian Front. The second is a revival of the former Patriotic Front alliance between Mr Mugabe and Mr Nkomo, whose guerrilla armies were largely responsible for Mr Smith's reluctant acceptance of the principle of majority rule, but this time with Mr Mugabe having established himself as indisputable leader of the alliance.

A third option—a merger between the Rhodesian Front and the UANC—seems to be a non-starter, partly because the huge number of armed people at large belonging to different parties and factions, this could prove to be a painful and perhaps bloody process.

The first option would almost certainly have the backing of white Rhodesians, despite their deep-felt grudge towards Mr Nkomo (because of his association with the shooting down of two civilian aircraft), as well as of Britain and South Africa and—most importantly—of the Rhodesian security forces. Despite his flirtation with Moscow, Mr Nkomo is still believed to be a capitalist at heart who, it is thought, would not only maintain the existing basis of the country's capitalist system but would also encourage whites to stay and run it.

The installation of Mr Nkomo as Prime Minister would also be acceptable to a wide range of South African, Botswana and Zambia, and probably Mozambique as well—three countries which have

been seriously affected by the Rhodesian conflict and whose desire for settlement was partly responsible for the success of the Lancaster House conference.

However, such a government would be faced with an immediate problem: what to do with Zanu (PF), which is widely expected to win the largest number of seats in the new parliament, and more especially with its military wing, Zanu's About 17,000 of the 22,000 guerrillas who have gathered in assembly areas in accordance with the ceasefire agreement are Zanu and they are unlikely to sit idly by and see themselves deprived of the fruits of a victory they fought for during the past seven years. During the election campaign, Zanu (PF) has been warning that the war would continue unless the party wins.

The second option would probably have the backing of most black Rhodesians, many of whom were dismayed by the decision of Mr Mugabe and Mr Nkomo to stand separately. The black population, particularly people living in tribal areas, have been the principal victims of the war, and most of them now desperately yearn for peace.

Bishop Muzorewa promised peace during last year's election campaign, but the war got infinitely worse. Many now believe that only Mr Mugabe and Mr Nkomo, the men who waged the war against Mr Smith's white administration and more recently against Bishop Muzorewa's unpopular Government of National Unity, can assure them of peace.

However, a Mugabe-Nkomo coalition would almost certainly lead to a substantial exodus of whites. Despite Mr Mugabe's pronounced security of racially-segregated South Africa instead. Either way, the Westminster-style democracy which Britain hopes (without much conviction) may emerge from next week's elections is likely to be short-lived.

Without white prosperity. Without white skills it is feared the country's relatively advanced business and industrial structures, and particularly its prosperous and highly efficient commercial farming sector, would soon fall apart.

This is a prospect which some whites believe is too ghastly to contemplate and which explains the present bout of speculation in European circles about a possible coup d'état by the country's security forces should Mr Mugabe come out on top.

Whatever the eventual outcome of the present trial of black political strength, it is unlikely that the new Zimbabwe will emerge as the partnership between blacks and whites that old-fashioned white liberals dreamt of. One alternative is that it will be an authoritarian capitalist country combining the sort of political discipline found in Malawi with the laissez faire economic policies of Kenya. White businessmen and technicians would be tolerated for their skills rather than welcomed as compatriots. Such a Zimbabwe could turn out to be prosperous and stable and perhaps in the long run relatively free as well.

The other possibility is that Zimbabwe could turn out to be a totalitarian egalitarian society similar to Mozambique or Tanzania, following a political course that would veer between African socialism and Marxism. In this society whites would be welcome only as long as they were useful or if they adhered to the Government's political ideology. Most of the present white population would probably opt for the temporary security of racial segregation in South Africa instead. Either way, the Westminster-style democracy which Britain hopes (without much conviction) may emerge from next week's elections is likely to be short-lived.

Whoever comes to power in an independent Zimbabwe will face a massive task of reconstruction and rehabilitation. Seven years of bloody and increasingly bitter civil war have taken a terrible toll, especially among the rural African population who bore the brunt of the fighting.

The rural Africans, who comprise most of the country's 6,500,000 black inhabitants, were often innocent victims who found themselves caught between two opposing forces—the Patriotic Front guerrillas and the Rhodesian security forces. Both sides tried to impose their will on them, both were often brutal in their attempts to do so. The death toll during the seven-year war—well over 20,000, mostly black civilians—just shows the tip of the suffering the conflict has caused.

Beneath that bleak statistic lies a far greater degree of hardship. Tens of thousands of people have been wounded. About 750,000 people have been displaced from their villages and have sought refuge in the towns, often living in pathetic makeshift hovels or severely overcrowded matchbox houses in black townships. About 220,000 others fled the country for refuge camps in Mozambique, Zambia and Botswana. Another 500,000 were forced out of their kraals and herded into government-controlled protected villages, their traditional way of life disrupted.

Those who remained in the countryside found their lives increasingly upset by the war. The guerrillas often sought to destroy the administrative structures which had been painstakingly established during previous decades of white rule. Schools and clinics were forcibly shut, cattle dips destroyed, roads and bridges blown up. Similarly the security forces often burnt villages, destroyed grain stores or deliberately

deprived villagers of food in an attempt to starve guerrillas who depended on local supplies for their livelihood.

Mr Lionel Leach, deputy secretary at the Ministry of Home Affairs, responsible for development, said the situation in the rural areas was back as it was before the Second World War. According to calculations prepared by his ministry it will cost at least \$875m just to repair the damaged roads, schools, clinics, dip tanks and dams. "It will take years of hard work before we can be back to where we were before the fighting started", he said.

Mr Leach hoped a start could be made as soon as a new government has been installed. However, any rehabilitation programme will have to operate under a number of constraints. First, there is a question of money. The war has been costing about \$1.5m a day. Even if there is peace and the removal of sanctions sets off an economic boom, funds will be scarce for some time.

Mr Leach believed that the Treasury may allocate \$100m in the next financial year for reconstruction in the rural areas. "But even if we get that amount we can only start to scratch the surface." There is also an acute shortage of skilled manpower needed to carry out the reconstruction work, and equipment such as bulldozers and lorries is often old and worn out.

One of the new government's first priorities must be the restoration of an efficient cattle dipping system in the tribal areas. Only 1,500 of about 8,000 dip tanks are still working. The effect has been an explosion of tick-borne diseases and the decimation of the national herd. Up to a million head of cattle—a third of that owned by Africans—has been lost because of the war, either through disease or theft. The consequences are both economic and social. Cattle are not only a source of wealth but also play an important part in their cultural life.

Another priority must be the restoration of educational and health services. The statistics tell a horrifying story. At the end of January 1,521 primary schools and 89 secondary schools had closed. This meant that 403,108 primary school children and 14,386 secondary school children were no longer attending classes.

The situation as far as health care was equally bad. Twelve government rural hospitals, 24 mission hospitals, 17 mission clinics and 158 African council clinics had been put out of action. This means that more than a third of the health services in the rural areas are no longer functioning. Worse, whereas there used to be 48 doctors working permanently in the rural areas there are now only two.

Many of the damaged or closed clinics and schools are in remote parts of the bush and were difficult to reach even in times of peace. Now they have often been made even more inaccessible because of damage caused to roads and bridges. In some areas the rural bus services have been abandoned because roads became impassable. All this has to be restored. So, too, must the dams that have been damaged and become dried up and the bore holes which no longer function.

However, probably the most pressing problem facing the new government will be the question of food. There are already serious pockets of malnutrition in various parts of the country and, according to a report by the International Committee of the Red Cross, up to 20 per cent of the population (more than a million people) could be suffering from severe malnutrition. Because of Rhodesia's racial structure there has always been a severe imbalance in food availability between the tribal trust lands and the white farming areas. The white areas produce large surpluses which are sold abroad to produce much needed foreign exchange. The tribal trust lands, often overpopulated and infertile, are scarcely self-supporting. The war has distorted this imbalance even further.

The Government's protected village policy has had a particularly disruptive effect. Villagers have often been moved miles from their fields which, together with the dusk-to-dawn curfews which operate throughout most of the country, has meant that their hours of work are seriously restricted. As a result fields have been left unplanted, crops have been poorly attended and cattle have gone unprotected against predators.

Food in rural areas has been made even scarcer by Operation Turkey whereby the security forces destroyed supplies which they thought could be used to feed Patriotic Front guerrillas. There can be little doubt that Operation Turkey, which was suspended two months ago, played a part in bringing the Patriotic Front to the conference table at Lancaster House. But the impact on ordinary villagers has been heavy.

The degree of malnutrition varies from area to area. At a protected village at Mazaraani a survey carried out by the Red Cross showed that 75 per cent of the 8,000 population were suffering from malnutrition. Another survey carried out in a protected village in the Ndowoyo tribal trust land found that all but a few of the 3,000 population were in dire straits with many suffering from kwashiorkor. An American missionary doctor operating in the Binga region reckoned that 40 per cent of the 60,000 people living in the area were undernourished.

Rhodesia is now the Red Cross's second biggest relief area in food availability but continued on next page

The future depends on tribal as well as on racial and political accord

Shona differ crucially from Ndebele

As in the rest of black Africa, tribalism is considered a dirty word by most black political leaders in Rhodesia. Many Africans maintain that tribal differences are largely the artificial creation of the white settlers who used a policy of divide and rule to impose their authority on the territory's black majority.

However, the future leaders of an independent Zimbabwe will ignore the country's tribal background at their peril. One of the many reasons why Bishop Abel Muzorewa, leader of the United African National Council (UANC), has lost considerable support since his landslide election victory last April was because his administration became increasingly identified with his own Manyika clan.

A tribe may be described as an identifiable group which exhibits the same characteristics and values. It is composed of various clans forming one entity using a common language. A tribe is also characterized by its traditions and marriage practices.

In Rhodesia there are two main tribes—the majority Shona group, descendants of the first Bantu people to settle in the territory, and the minority Ndebele nation which originated with the Nguni warriors led by Mzilikazi who moved from Zululand to settle in what is now Matabeleland in the middle of the last century.

There are several smaller tribes—the Shangaana, also of Nguni stock, who settled in the south-east of the country; the Venda who live on both sides of the Limpopo river; and the primitive Xosha on the shores of Lake Kariba, but together they account for only about 4 per cent of the population.

The division between the Ndebele and the Shona is not just linguistic but is one of the most important political realities in present-day Rhodesia. Although there are 12 Ndebele sub-groups, some of them direct descendants of Mzilikazi's warriors and others who have intermingled with local Shona tribes, the Ndebele are accustomed to a unitary tribal system. They have a strong sense of unity and respect for leadership and will invariably support a

leader whom they feel represents Ndebele interests. This explains why Mr Joshua Nkomo, leader of the Patriotic Front (formerly Zanu), can count on the forthcoming election on the almost undivided support of the Ndebele who, with the associated Kalanga clan, comprise about 20 per cent of the black population. This means that Mr Nkomo, who is himself a Kalanga, can expect to win at least three quarters of the 16 seats being contested in Matabeleland as well as several other seats in the Midlands, Victoria and Mashonaland West provinces where there are substantial Ndebele minorities.

Unlike the Ndebele, the Shona have never been united and their history of clan rivalries is reflected in today's political divisions. Although they all speak basically the same Shona language, there are dialectal and cultural differences between various groups. There are six major Shona clans, of which the largest is the Karanga, the descendants of the original Shona settlers who are believed to have moved to Rhodesia from Tanganyika during the eleventh century.

The Karanga, with the associated Rozwi group, comprise about 31 per cent of the black population. They live in the Fort Victoria area and have traditionally provided the backbone of the police and the Rhodesian security forces as well as Mr Robert Mugabe's Zanu guerrillas. The Karanga are believed to be one of the bastions of support for Mr Mugabe's Zanu (PF) party.

This is partly because Zanu guerrillas have been active in the Fort Victoria region, but also because one of Zanu's founding fathers, Mr Leopold Takawira (the "Bull of Chikimani"), was a Karanga. Mr Joshua Tongogara, the late Zanu commander who was killed in a car accident in December, was also from the same clan.

Attempts have, however, been made to divide the Karanga vote in this election. In November a new party was set up, the National Front of Zimbabwe (NFZ), with the express intention of wooing Karanga

away from Zanu (PF). However, the party has so far made little impact and its founder, Mr Michael Mawema, has quit to join the UANC. However, the recent release of dissident Karanga members of Zanu (PF) who had been held in detention in Mozambique for over two years could have a greater impact.

The other main Shona clans are the Zezuru (13 per cent of the population), Manyika (13 per cent), Korekore (12 per cent) and Ndau (3 per cent). By far the most politically important are the Zezuru who live in the heavily populated Mashonaland East province in which Salisbury, the capital, is situated.

Zezuru predominate in the top positions of most of the political parties. Mr Mugabe is a Zezuru as is James Chikereza, leader of the Zimbabwe Democratic Party (ZDP). So are the deputy leaders of the Patriotic Front and the UANC, Mr Josiah Chinamano and Mr Silas Mwedawara. The way the Zezuru vote will be crucial in establishing how many of the various party leaders will have a seat in the new independence Parliament.

The Manyika vote is likely to be divided largely between Bishop Muzorewa, who was born at old Umzali mission in the heart of Manicaland, and Mr Mugabe, whose guerrillas have been active in that area. The Korekore have few identifiable political leaders and will probably divide along similar lines to the Zezuru. The Ndau are likely to vote overwhelmingly for their political leader, the Rev Nibongi Sibhole, the head of Zanu.

The Ndebele in particular are likely to be unwilling to participate in a Shona-led government unless there are Ndebele holding prominent Cabinet positions, and key posts in the army and Civil Service. Similarly there is likely to be some Shona resistance against serving under an Ndebele prime minister. Whoever takes over will have to perform a difficult balancing act which, if not successfully carried out, will merely deepen existing tribal divisions.

Nicholas Ashford Flower sellers in Cecil Square, Salisbury.



Whites wait for a sign of a place in the sun

Mr Brian Stringer, chairman of Rhodesia's national airline, Air Zimbabwe Rhodesia, stood up before a group of fellow businessmen last month and said that if Mr Robert Mugabe's Zanu (PF) party won the general election it would not be the end of the world for the country's whites. He was greeted with a deafening silence of non-support. In the opinion of most of the businessmen, if Mr Mugabe becomes Prime Minister, on March 1 then the days of the white man in Rhodesia are numbered. The conviction is that the Marxist-oriented nationalist leader would reshape the society and the economy so quickly and ruthlessly that few whites would be able to or want to remain.

Since his rise to the forefront of the African nationalist movement in the past four years, Mr Mugabe, an articulate and impressive leader, has made no secret of his intention to make many changes should the 2,800,000 black voters elect him.

Until recently he threatened verbally and through position papers to make radical changes—the nationalization of land and industry and the regimentation of labour, with the promise of free houses, free land, and guaranteed jobs for the nation's seven million blacks. In his society religion would be frowned on and churches taken over for military barracks or other state uses.

In all, Mr Mugabe promises—or threatens—a communist egalitarian state similar to Mozambique, Ethiopia and some other countries to the north.

Since his return to Salisbury Mr Mugabe has apparently moderated his policy, saying that whites have nothing to fear and life for them would not alter drastically. Few appear to believe him, and many whites are deeply concerned lest the tremendous reception afforded Mr Mugabe on his return last month reflects his popularity. Many say it does, and are making rapid plans to emigrate to South Africa—now awash with gold revenue—Britain, Australia and elsewhere.

Conversely there is a minority which refuses to believe that the white man has no place in the Zimbabwe sun. They say they have lived through periods of panic

before—the economic slump in the 1930s, the exodus on the disintegration of the Central African Federation in 1963, and the past three years, when the war drove out whites at the rate of a thousand a month.

The white population of Rhodesia was 278,000 at the end of 1975, but this dwindled rapidly to the latest official figure of 244,000 in June last year. Possibly another 5,000 or 6,000 have gone since then. There has been a trickle of the immigrants, and there are those optimists who believe the open support given to Mr Mugabe, and to a lesser extent to Mr Joshua Nkomo, leader of the Patriotic Front, reflects the shortage of skills in a variety of professions—medicine, accountancy, architecture, engineering, teaching, mining, telecommunications, journalism and advertising. There is no room for unskilled white labour in jobs such as those for drivers, general clerical workers and shop assistants. Blacks and people of other races fill these jobs adequately. The unskilled labour market is still very much untapped, and unemployment is high because of sanctions and the war.

Inflation is 12 per cent and rising, but it is bearable. The property market is prosperous and housing is short in Salisbury. Even so, accommodation still comes cheaply by British standards. For example, a typical three-bedroomed house with two bathrooms—which are considered essential—set in an acre of ground, with possibly a swimming pool and a tennis court, in a pleasant suburb of Salisbury and only 10 to 15 minutes drive from the city centre, can still cost only from £15,000 to £20,000. Prices are comparatively lower in Bulawayo and other centres.

If Rhodesia becomes a communist or socialist state then whites can forget about immigrating. But if the new Prime Minister adheres to the free enterprise system and encourages whites to live in a stable society, then the door is wide open for life in one of the most remarkable and exciting developing countries in the world. Hard work is encouraged,

and even though there is sales tax at 15 per cent to help to pay for the million-dollar-a-day war, income tax is still only at a maximum rate of 48 cents in the dollar. If this wave of economic prosperity does sweep over the land, there will be much demand in the trades and professions. Africans are becoming wealthier and the flow of talented blacks from the University of Rhodesia is being felt in business and the professions, especially in law and medicine. Even so there are so many ambitious plans that for many years the skilled-labour market should accept all on offer.

One look at advertisements in the local newspapers reflects the shortage of skills in a variety of professions—medicine, accountancy, architecture, engineering, teaching, mining, telecommunications, journalism and advertising. There is no room for unskilled white labour in jobs such as those for drivers, general clerical workers and shop assistants. Blacks and people of other races fill these jobs adequately. The unskilled labour market is still very much untapped, and unemployment is high because of sanctions and the war.

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FROM RHODESIA TO ZIMBABWE
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RHODESIA

Paul Ellman reviews the economy, Frederick Cleary investment priorities, and Ross Davies the outlook for trade and the financial system

Britons must wake up

Have British companies in London and in Salisbury—who have been out to sample the market. Mr. Brian Springer, a former chief executive of the Association of Rhodesian Chambers of Commerce and now chairman of Air Zimbabwe Rhodesia, said: "There was a time before UDI when Rhodesian businessmen were order placers rather than buyers—that's all changed. They'll go back for prices, for quality, but not because it's British."

The answer, it seems to me, from a number of conversations both in Britain and Rhodesia in recent weeks, is that British companies will have to bestir themselves.

Perhaps the first real test of British prospects in this market, now thought to be potentially the biggest in the African continent after Nigeria and South Africa, will come in April.

This is when the Rhodesia Trade Fair is to be held in Bulawayo. At this fair, British, continental, Japanese and American firms will—should peace follow this month's elections—be invited to show and to sell their wares. It will be possible to gauge the strength of the export drives, as well as to gauge the opinion as to who is selling what to the best advantage.

Two multi-million pound projects come to mind as arrangements for the fair set under way. One is the first stage of the electrification of the national railway system, the stretch of track between Salisbury and Gwelo. The other is the extension of the thermal power station at Wankie. Both these contracts will be awarded this year. A third big contract was under way before the ink was dry on the Lancaster House agreement.

This was for the acquisition by the state carrier, Air Zimbabwe Rhodesia, of two Boeing 707 airliners—a deal worth about £8m—to assist in the four times a week direct service between Salisbury and London which AZR plans to start in April.

It is difficult to compare export performances in Rhodesia, even if one goes there. Theoretically, and sometimes very theoretically—British and other United Nations countries abstained from exporting most goods and services between UDI and the Lancaster House agreement.

The journalist who seeks to publish material on the evasion of sanctions while in Rhodesia can be prosecuted, even though, until the new government comes in, the country is in theory at least a British colony again with a British Governor-General and a British Government House.

However, it is clear from looking around the streets of Salisbury that although all countries were supposed to have applied sanctions, none applied them more zealously than others. There is not much traffic by British standards in Salisbury's streets, but what is to be found consists largely of French Peugeot and Japanese Datsun cars.

In recent weeks I have spoken to a number of Rhodesian businessmen on their home ground as well as to British businessmen—both

The optimism concerning Rhodesia's economic prospects that marked the start of the new year has dissipated, to be replaced by a mood of foreboding at the prospect of a further and potentially more violent period of political uncertainty.

Confident forecasts that 1980 could see the Rhodesian economy—return in expansion after five consecutive years of contraction in real terms—have been replaced by a much more gloomy assessment of immediate prospects.

Asked about growth this year, Mr. John Hillis, president of the Association of Rhodesian Industries (ARI), replied flatly: "There won't be any."

At the heart of much of the fear is a sudden realization of how extensive a following there is for Mr. Robert Mugabe, the guerrilla leader who has been proclaimed a Marxist state. While Mr. Mugabe has studiously avoided radical postures during the election campaign, a few businessmen believe that he has dropped his commitment to a full-blown Socialist revolution.

But, even without Mr. Mugabe, the reality of Rhodesia's economy is that the country has a long way to go before it can regain the position it once enjoyed among the front-runners of the World Bank's league of middle-income countries.

For Mr. Ian Smith, his illegal declaration of independence in 1965 was happily to coincide with a prolonged period of expansion which enabled the white minority regime to flourish internationally. In 1968 and 1974 the gross domestic product grew

by an average of 8.5 per cent a year.

The rut set in in 1975, when the world recession combined with the collapse of Portuguese rule in neighbouring Mozambique—a change which made sanctions easier to enforce—to usher in a period of negative growth. According to official figures, national income in real terms fell by about 12 per cent in 1975-79.

Even more ominous, however, in its political implications, is the sharp fall in individual incomes of blacks. The prevailing estimate is that these fell by about 40 per cent between 1974 and the end of last year and could now be near the levels prevailing at the time of UDI. Nevertheless, while hopes for a return to growth have diminished, there is the possibility that the lifting of sanctions may have halted the decline.

The elimination of the "sanctions discount" is expected to produce a net improvement in Rhodesia's foreign exchange position of about 20 per cent, drawn from a 15 per cent improvement in export earnings and a 5 per cent fall in import prices.

Overall, the country's trading position has held up against predictions, and 1979 is expected to show a 15 per cent increase in export earnings to reach a total of about £500m. Though imports are expected to have risen by 20 per cent to some £350m, leaving a visible trade surplus of £150m. The performance was better than forecast because higher prices for minerals, especially gold, compensated for a relatively poor result from

agriculture, which produces about half the country's foreign exchange earnings in a normal year.

The trading position should be able to withstand the pressures of the year ahead, assuming no political or military collapse, since the lifting of sanctions is expected to result in a 10 per cent improvement in the terms of trade.

However, when set against the 40 per cent deterioration in the terms of trade since 1965, the improvement again provides evidence of how much catching up remains to be done.

Despite the bonuses that may come from Rhodesia's return to a normal economic relationship with the rest of the world, the likelihood that political instability will continue after the election means that whatever government takes office will remain committed to heavy spending on security. For the fiscal year 1979-80 total expenditure on defence and security is budgeted to reach £250m, or 37 per cent of all public spending. This compares with £70m for 1974-75 when this item accounted for only 18 per cent of public expenditure.

With public expenditure growing twice as fast as the economy, the Government has been forced to resort increasingly to borrowing to meet its commitments, the tax base having shrunk because of low corporate profits, profitability and the departure of whites.

The demands of defence are only one of the constraints upon the Government's freedom of manoeuvre regarding economic policies. The white emigration has caused severe shortages of skilled workers

Electricity and railways need foreign cash

Businessmen and investors are realizing the need for capital investment to repair the damage of the past and to expand in education, health, housing, and other areas. The money to pay for the development would come from special projects and from the Government's own resources. Of the £82,500m needed, the foreign exchange content is estimated to be £52,500m.

Projects needing much foreign investment are those for the railways, the Electricity Supply Commission, the Central African Power Board (which controls the Kariba Dam) and the telecommunications network. The electricity commission expects such an increased demand for power that a thermal station (1,200 MW) has long been planned for Wankie, near the western coalfields.

The railway system (now mainly diesel with steam locomotives returning) is to be fully electrified, and there is a shopping list for local materials, equipment, and electric power system is to be extended, to use even more the Zambezi river. The state-run postal and telecommunications network, although modern, needs overhauling and expanding to cope with the expected increase in demand.

The Zimbabwe Air Force will want to replace its ageing Hunters and Canberras with more modern fighters, as well as propeller aircraft. More modern helicopters must also be needed. The country is crying out for new motor transport—private cars and commercial and agricultural vehicles—and Volkswagens.

Wagen Golf cars are already being assembled locally. The growing black population opens the door for expansion in education, colleges and schools—hospitals and primary care centres, huge housing schemes, and ancillary services. Apart from meeting urban demands, investors can look to agriculture where vast areas are scheduled to be opened up for ambitious black farmers. Quasi-government organizations such as Tilor and the Sabi Limpopo Authority have made much progress over the past decade in this direction, but the war all but halted development and now the momentum is being re-generated.

Numerous towns, and even cities, are envisaged if the black population picks up the enthusiasm and takes full advantage of the opportunities opening for them. There are many areas of virgin rich and fertile soil waiting for the right kind of investment and to be used properly. On already developed land, the kind of black farmer who can prosper in cattle, cotton, tobacco, maize, coffee and tea farming are government scientific and technical services which have already helped Rhodesia's white farmers to earn the reputation of being among the most efficient in the world.

F.C.

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It is widely predicted that if Mr. Mugabe assumes power then as many as 90 per cent of the whites will emigrate. However, if a moderate government emerges which provides political stability and encourages capital ideas and money, what avenues should the investor explore? There is no better starting place than a document produced a year ago by the Ministry of Finance entitled *Proposals for a five-year programme of development in the public sector*. It is a comprehensive survey of the way the ministry, led by the Scottish-born Secretary of the Treasury, Mr. David Young, thinks that Rhodesia could go in the two decades to the end of the century. To use this ambitious plan would cost £82,500m, not allowing for inflation.

The 52-page report covers all aspects of the economy, and gives a short analysis of private business needs. It has been hailed as a masterly piece of analysis. Much of

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A very special report

Dr. Desmond Krogh, the governor of the Reserve Bank, should shortly be putting his signature to an unusual document—the bank's annual report. What is unusual about the report is not so much the content, although appearing as the country's Government returns to legitimacy and therefore to a place in world capital markets, it should make fascinating reading.

It is that the report should appear at all that is worthy of comment. This edition—scheduled to appear shortly after the end of the bank's year next month—is the first to be published since UDI 15 years ago.

As banker to the Government of the former rebel colony all these years the Reserve has been at the heart of the successful drive to national self-sufficiency by fair means or foul.

Until disintegration, Rhodesia, Zambia and Malawi had been a common currency area and the bank of issue was the defunct Bank of Rhodesia and Nyasaland.

Rhodesia now has a fully integrated, self-reliant financial system, and as with the Reserve, UDI was not the only spur. Until the mid-1950s, however, that system consisted of many private commercial banks, three British (Barclays, Grindlays, Standard) and one South African (Rhobank) as well as a few building societies. Accepting houses were on their way.

There are now four of these, the first of which was RAL (part of the Anglo-American conglomerate), followed by Merchant Bank of Central Africa, Syfrets (Rhobank) and Standard Merchant Bank (Standard Chartered). These were followed by discount houses, primarily Bard Discount (Anglo-American again) and DCR Discount. Here as elsewhere, UDI—which sometimes seemed to loom larger in British consciousness than in Rhodesian—where the civil war is the preoccupation—was not the sole reason.

An earlier and just as important stimulus was the imposition in 1961 of exchange control in Rhodesia, which limited the banks' practice of investing surplus funds not at home but in the London market. It was in response to this retention of funds that the merchant banks and discount houses appeared.

The imposition five years later of sanctions by the British and—on paper at least—by other United

continued on page VII

دكان من الأهل

Henry Stanhope, Defence Correspondent, looks at security

Armed Forces shape up to threat

The size and shape of Rhodesia's security forces have altered dramatically during the past 15 years in parallel to the rising threat, and the next 12 months could bring changes no less fundamental. They now include about 20,000 in the army, 1,500 in the air force, 8,000 in the British South Africa Police, 3,500 in the paramilitary Guard Force and about 6,000 in the Security Force Auxiliaries—whose activities have been recently so controversial.

The army total, however, includes about 14,000 conscripts and members of the Territorial Army—in which whites, Asians and "coloureds" serve for up to four months a year after completing their 18 months' National Service. There are also 35,000 police reservists—some 75 per cent of whom are whites—so the number who are operational at any one time is variable and difficult to estimate.

The organization of the army still bears the familiar British imprint, and many of the senior officers have been trained at Sandhurst and Camberley. The main infantry regiments are the Rhodesian Light Infantry, a 1,000-strong all-white battalion divided into three commando units, which supplies the helicopter-borne Fire Force platoons ready to move into trouble-spots at 15 minutes notice; the Rhodesia Regiment (white, with a

reserve of Asians and coloureds) and the Rhodesia African Rifles (black with white officers).

The Rhodesia Regiment has eight reserve battalions between 600 and 700 strong, and the Rhodesia African Rifles has four battalions. But for operational purposes the battalions are all broken down into independent companies which supply the patrols of half a dozen or so men to fan out through the bush.

Other combat units include the Rhodesian Artillery, with one regular battery equipped with 105mm pack howitzers and three reserve batteries with 25-pounders; an armoured car regiment containing only one regular squadron, with Eland armoured cars and Ferret scout cars, and three regiments of special forces. The special forces comprise three all-white Special Air Service squadrons, the Selous Scouts and the Grey's Scouts (horse-mounted infantry) which are mixed black and white.

Operationally, however, the security forces, including the police and emergency services, come under the direction of the Commander of Combined Operations, General Peter Walls, at his office in Salisbury. The country is divided into six combined operational commands. Hurricanes are in the north and north-east, Thrasher in the east, Repulse in the south-east, Tangent—a huge area covering the south and west—

Grapple in the centre; and the area round Salisbury which is usually called Salops.

Recruiting is no problem for the Rhodesian forces, including the police. The army, for instance, with only 6,000 regular soldiers, has 10 applicants for every vacancy in the ranks—mainly aspiring young Africans for whom a military career means good pay and conditions—when not actually being shot at in the bush—and status. The Chikmanzi-Fort Victoria region has long been a rich source for recruits, many of the military traditions of their fathers and grandfathers—rather like British soldiers or Gurkhas.

In all about 80 per cent of the army are blacks, although the figure drops to 50 per cent if the white territorials are included. Some 85 per cent of these are from the Shona tribe, not naturally a warlike people. Rather more than 12 per cent of the Rhodesian officers are now black also, although these are still in only junior ranks as the first black officers were admitted only in 1971. But the forces also contain a significant number of white mercenaries, from Europe, North America and Australasia, as well as many who quit Mozambique at the end of Portuguese rule there. Up to a third of the manpower in the Rhodesian Light Infantry is thought to be composed of white expatriates.

The ample supply of recruits, however, means that it might be difficult for the Rhodesian forces to accommodate all those members of the Patriotic Front who would like to join them after the election.

One solution might be to make the Rhodesian forces all-professional. This would be cheaper in the end than continuing to cope with the endless turnover of strength as conscripts arrive and leave. It would also ease the drain on the country's industrial manpower, especially on the young whites, who are tired of the disruption. On the other hand, the conscription system does ensure a large reserve upon whom the forces could call in the event of a national emergency.

And the future is still very clouded. Combined Operations officers estimate that Mr Mkombo's Zimbabwe People's Revolutionary Army (Zipra) has more than 13,000 troops still in Zambia as well as about 1,500 more within Rhodesia, while 4,000 members of Mr Mugabe's Zimbabwe National Liberation Army (Zanla) are also thought to be living in the bush outside the 14 Patriotic Front assembly areas. The reaction of all these, many of whom have known no other life than bush warfare, to an unfavourable election result or simply to the dangerous vacuum left when the monitoring group returns remains an unknown factor.

The uncertainties ahead also pose questions about the equipment of the Rhodesian forces. Officers contend that for the operations they have so far been conducting, their equipment is adequate. But some of it now needs replacing, and it is questionable how far Rhodesia's arms industry for conventional defence with general purpose weapons—which at present are both outdated and scarce.

Rhodesia has only a minimal arms industry which can manufacture light arms and ammunition and can carry out repairs and maintenance to existing stocks.

Ideally the army needs new artillery pieces, modern anti-tank and anti-aircraft weapons. More modern armoured cars and arguably tanks would be necessary if the new government of Zimbabwe decides to prepare a conventional defence against external aggression. The air force too will soon need replacements for its Canberra bombers and Hunter and Vampire ground attack squadrons.

The world is not short of companies which would like to supply these requirements now that sanctions have been lifted. Salisbury is already full of arms salesmen who are pressing their wares upon the Armed Forces. But the country lacks foreign exchange and in the scramble for goods as it claws its way back into the rat race, defence will have to compete with civil industry in the order of priorities. At best, the new defence ministry—whatever it is in charge of it—will have to make up its mind very carefully.

Officers in Salisbury therefore view the future with some misgivings, both personally and professionally. Bishop Muzorewa pleaded that, even if imposed, they be more intelligent than some of the white predecessors with whom the forces had to deal. But with whom might they be dealing next month? And with whom might they be fighting? On the answers to questions like those, the immediate future of Rhodesian Armed Forces will depend.

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Charles Douglas-Home looks at strategy

Pivot as larder, engine room and banker

It was the collapse of the Portuguese African empire in 1975, more than the winding up of the British Empire in the 1960s, which caused the acceleration of the great political crisis of central and southern Africa. Before 1975 the apparent stability, prosperity and security of white power seemed undisturbed by the "weeks not months" style of predicting its decline.

The revolution in Lisbon—not on the ground in Africa—changed all that; and the political shockwaves are still reverberating there. However, underneath the politics of Africa lie facts of geography—in the broadest sense—which remain unchanged.

Take railways. The question of access to the sea is a vital one for the developing African economies in the interior; so the importance of the railway system of central and southern Africa has always been paramount and still is today, even in the jet age.

One look at a railway map of the area shows that Rhodesia occupies a crucial position. It is not just that the railways penetrate like arteries up from South Africa, bringing in South African trade and influence; they also provide access to the sea for Zambia (the Benguela link being more short than open ever since it was built), Malawi and Zaire. Moreover, the fear of South Africa's domination of this whole

sub-continental market can be mitigated only by the growth of some east-west trade flow to reduce central Africa's dependence on the sea. This can be achieved only by reopening the line from Rhodesia to the Mozambique port of Beira.

Moreover, Rhodesia is not just a country through which railway lines pass. The railways were the first and major element in Rhodesia's basic industry; they were the cradle for early Southern Rhodesian trade unionism and gave the country's economy its first experience of heavy industry (including a white artisan class so different from the settler class of Northern Rhodesia and East Africa and so fatal to the country's ultimate absorption into the African continent).

In more recent years under sanctions the industrial muscle of Rhodesia was well illustrated by the fact that it made and exported its own rolling stock, carriages and even locomotives. (So much for sanctions.)

A second basic fact of geography rather than of politics is that Rhodesia, Kenya and South Africa are the only food-exporting countries of Africa. So it is not just a transport base that Rhodesia is important. The food economies of Zambia, Zaire, Malawi, Mozambique and probably Angola are critically dependent on Rhodesian food production.

Given stable political conditions in Rhodesian farming, in which the tribal areas could provide for their own subsistence (and not the tragic nonsense which has reduced Zambia to a state of collapse today, when it started at independence with more good agricultural land available than the whole of Rhodesia can claim), the white farmers would be well able to produce massive food exports with which to sustain the populations of all Rhodesia's neighbours.

One bitterly ill-advised and shortsighted consequence of the guerrillas' decisions to destroy agriculture as one of their targets is that Rhodesia's neighbours and the guerrillas' sponsors have been hurt almost as much as Rhodesia itself. Witness the plight of Zambia and, to a lesser extent, of Mozambique.

The third aspect of Rhodesia's importance is an industrial one. In the context of a developing country, which it still is, there is nevertheless the basis for one of the most versatile, diversified and resourceful industrial/agricultural economies of the continent, and perhaps in the world. Moreover, the Rhodesian economy is on a scale which is altogether less daunting than that of South Africa. Of course, there will be painful adjustments with the ending of sanctions and the ultimate lifting of controls, but the opportunity exists for Rhodesian industry to provide a local base for contributing to the industrial growth of surrounding states.

It is true that sanctions have worn down Rhodesia's

industrial infrastructure, so that much investment is required. But if the economy is allowed to continue to be based on incentives that kind of investment will be much more rewarding in an area such as Rhodesia, which can exploit it, than in the political and economic wildernesses to its east and west.

In three areas, then—transport, food, and industry—Rhodesia occupies a pivotal position in the sub-continent. The country could be the larder, engine room and, for that matter, the banker of sub-equatorial Africa, possessing the only developed financial centre in the whole of black Africa.

This potential is an extremely important aspect not just of the future of Rhodesia but in the context of the future of central and southern Africa as a whole region. There is much talk and fear of the idea of a South African "consolidation of states". With its apparently predominant economy and military power, the white state could certainly penetrate far to the north, and would.

Behind the rhetoric and weary hypocrisy of much of black Africa the evidence is clearly there already. We find that President Kenneth Kaunda's Zambia is fed on South African maize; and that South African aircraft landed constantly at Lusaka airport to provide food for the Commonwealth Prime Ministers' meeting in the city. We find that Mozambique relies on South African technicians so that when Bishop Muzorewa's air force bombed its bridges, the South Africans came in to mend them. To the extent that these states survive at all, it is not the socialist world which keeps their economies going; it is South African power.

This may be humiliating for them to admit; hence the loud nature of the protests against the south. Such humiliation could in future be avoided if they could find a less contentious crutch for their ailing economies in the help of a black-led Zimbabwe fortified by white skills which they hitherto had wantonly discarded in their own countries.

The other side of this coin is that Rhodesia can also provide an alternative focus for South Africans, both black and white. If, to the north, the black states can use Zimbabwe to help them to avoid what would otherwise seem an ineluctable suction into the southern constellation of states, so also the country could provide a vision of a multi-racial kind of life and a mixed economy, which would be a salutary lesson to the discordant races in the south.

The message for the black north, and the divided south is that there may be a middle way for southern Africa. If all depends on the success of an experiment to create a prosperous, stable Zimbabwe moving forward from its night of sorrow in a spirit of reconciliation.

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RHODESIA

The vexed land issue, minerals and farming are analysed below

Deep grievances lie behind political crisis

"Land, the source of all our bitterness", Mr Joshua Nkomo, leader of the Patriotic Front, commented in 1961 when the nationalist struggle for Zimbabwe was still in its infancy. Almost 20 years later, little has changed in the pattern of land tenure in Rhodesia, but the grievances it has provoked have now brought the country to the brink of political collapse.

The apportionment of land during the 90 years of white rule has left a visible patchwork of glaring contrasts between the well-tended fields of the white-run areas and the dusty scrub of the overcrowded tribal trust lands (TTLs). A white farming population of just over 30,000 people enjoys more than 29 million acres while some 3,900,000 people share the 38 million acres of the TTLs and the so-called African Purchase Areas. Put another way, the average white farming family has the use of about 5,000 acres while the average black family in the tribal areas

has about fifty acres, a ratio of one hundred to one in favour of the whites.

Programmes for reforming Rhodesia's system of land tenure come in many forms, with the most radical calling for the dispossession of the whites and the redistribution of land on an equal basis. In theory this would enable the present 70,600,000 acres devoted to agriculture to be divided into plots of about 75 acres for every farmer in the country.

Unfortunately, even this straightforward approach would eventually collapse under the pressure of Rhodesia's rapidly-growing population.

This is expected to double to reach 14 million by the end of the century. As one authority, Dr Ian Hume, put it: "The average land endowment per family in the present tribal areas is greater than the long-run per family endowment for the country as a whole, at the present rate of population growth."

Another problem facing the reformers is establishing precisely how many blacks really want to stay in the rural areas. The comment by Marx about the

"idiotry of rural life" has a powerful relevance to the Third World where the universal phenomenon is a drive to the cities and towns in search of a better life.

Some studies have suggested that as few as 10 per cent of those trapped inside the TTLs would like to pursue careers in commercial farming were they given a chance to do so, while others have put the proportion as high as 30 per cent. If the latter figure proved to be the case, this would mean the 200,000 families, 1,200,000 people, would like to go into farming on a business rather than a subsistence basis.

To provide these people with farms equivalent to the average of 275 acres found at present in the African Purchase Areas would require a total of 69,300,000 acres, or almost all the areas farmed in the country at the moment. Clearly, it will be physically impossible to meet their aspirations.

At the same time the country would stand little chance of retaining its self-sufficiency in food production if reform was to destroy the white-owned sector. The white-owned lands

have an output value of £260m a year, compared with £57m for all the TTLs and £7m for the purchase areas.

Whatever the outcome of the present settlement, black farmers will doubtless be many white farmers who will want to leave because they cannot stomach the prospect of living under any kind of black government. The future is likely, therefore, to see growing black encroachment on previously all-white areas.

Unless this process is accompanied by programmes designed to help black farmers with doubtless be further decline in output from the commercial sector as a whole. A crude, and to some extent unfair, indicator of the differences between white and black commercial farming is provided by their average productivity per acre. On average, white farmers earn £7.5 an acre while their nearest equivalents, the purchase area farmers, produce a yield of only £3.35 an acre. The gap between the two groups is exacerbated because the whites have for long had greater access both to credit and the better

soil. There is nevertheless a wide difference in terms of skills and techniques, which any future government will have to overcome if it is to maintain the performance of the agricultural sector at present levels.

A start has already been made in settling black farmers on land acquired by the Government. At a price of £7.30 an acre, the Government has bought 176 million acres of abandoned white farmland in the east of the country to relieve population pressures in tribal trust lands. Much of this land appears destined to be farmed on the communal basis employed in the TTLs, with the result that it will do little to prepare the country for its future needs. In the medium term, the best bet for meeting some of the aspirations for land while at the same time increasing overall output would appear to be in medium-sized smallholdings served by irrigation schemes. A start has been made to these but there has already been loud criticism that the qualifications demanded of the participants are too high.

Paul Ellman

Rich mining resources wait for release

Few countries have an inheritance like that of Rhodesia. Relative to its population, the country must be one of the most mineral rich in the world. Mining was one of the economy's mainstays after the Unilateral Declaration of Independence, proving remarkably resilient in the face of sanctions and war. But now, in common with other industries, the realisation of its potential rests heavily on the elections and their aftermath.

The value of mineral production has risen steadily in recent years. From £8237m (£156m) in 1977, output reached £8252m the following year, and is estimated to have reached £8300m in 1979. These figures take into account the growing inefficiency caused by labour restrictions and shortages of spare parts and new machinery during the UDI period. The frequency with which skilled workers had to serve in the army was a particular problem for mines which depend on engineers for their safety and smooth operation.

Reinvestment in and expansion of the mines was hindered more by the side-effects of sanctions than direct obstacles. Once the ports of Beira and Maputo had been closed by the Frelimo Government in Mozambique, minerals had to be dispatched over the expensive and long railway hand through South Africa. Profits on mineral exports were further reduced by the risks and costs inherent in the devious ploys used to market them. It has been estimated that Rhodesia earned between 5 and 10 per cent less than ruling world prices on mineral exports.

There is little doubt that if political conditions permit, the mines' profitability can be raised quickly. For, of the approximately 40 minerals mined in the country, gold, copper, asbestos, nickel and chrome generate 90 per cent of earnings from mining, and most of these are in great demand internationally. Japan, for example, has long shown interest in the high quality coking coal from the Wankie colliery.

Much more important and controversial is chrome, mined in its natural form as chromite. This mineral offers unique protection against corrosion and oxidation, and is crucial for making stainless steel, world production of which has been increasing. Rhodesia is thought to have the world's biggest reserves of good quality chromite suitable for metallurgical use.

Exact reserve figures are vague, but although official production statistics have not been published, output is estimated to be about 660,000 tonnes a year. At that level Rhodesia is the third biggest chromite producer after South Africa and the Soviet Union. The traffic was disrupted, though not halted, by the repeal in 1977 of the Byrd amendment which had exempted chrome from United States trade sanctions.

Some mines were put on to care and maintenance, and a temporary if simultaneous slump in demand prompted the mining companies to restrict investment. Stocks accumulated while the Rhodesian Government and the companies tried to sell their chrome.

The decline in demand by steelmakers for chrome created the impression that sanctions were more effective than was the case. The Byrd amendment gave Rhodesian exporters a gaping loophole, but its repeal did not alter the essential difficulty of how to identify

chrome as Rhodesian, particularly if it had been converted into ferro-chrome and exported through South Africa. Some Rhodesian chrome is refined in the republic, but an increasing amount is refined in Rhodesia, a very competitive rates with power from the Kariba Dam.

Most Rhodesian chrome originates from a geological phenomenon called the Great Dyke which runs diagonally across the country for 300 miles from the north-east to the south-west, averaging about four miles in width. The two main mines are at Que Que, 45 per cent owned by Anglo American, and at Gwelo, owned by Rhodesian Chrome Mines. United States companies also have chrome interests which they are now revitalising.

Less glamorous strategically than chrome is asbestos, of which Rhodesia is the world's second biggest producer. Output is thought to be about 250,000 tonnes a year. The business is dominated by two companies, Asbestos Investments, based in South Africa, which operates the Pangani, Boss, Vanguard and Rex mines, and Rhodesian Asbestos Investments, a subsidiary of Turner and Newell of the United Kingdom, which controls the Shabani, Gachs, Temaire and King mines.

Another British company with significant interests in the country is Lonmin, the indirect owner of Coryn Consolidated Mines. Coryn produces some 2.2 tonnes of gold a year from four small mines and as a by-product from the Intavi copper mine. Although Rhodesian mines up to 20 tonnes of gold a year, enough to make it one of the 10 biggest gold producers. Most of the gold comes from numerous small mines. The recent rebelling of gold prices will encourage development of more such mines and extra production as a by-product. Copper is the most promising source of by-product

gold. The major copper producer is another South African company, Messina, followed by Coryn. In the present state of over supply of copper it seems unlikely that investment in copper as such will be heavy. The same argument can be made about nickel, whose output is dominated by the long shadow of Anglo American and an associate company, Johannesburg Consolidated Investments. Anglo American also owns Wankie colliery, with an annual production of a little over two million tonnes.

Apart from the principal currency earners, Rhodesia's complex geology yields exotic minerals such as lithium, mined by Bika Minerals, a consortium, of which the country is the world's chief supplier, magnesite, phosphate, antimony and emeralds. Tungsten and tin are also found in small quantities. It would indeed be a pity if so extensive an inheritance went to waste.

Michael Prest

White farms face danger from radical reform

ing accounts for almost half of Rhodesia's export earnings and, if the efforts of associated industries are added, the proportion comes to almost 70 per cent. At least 45 per cent of the black population rely on white-run farms for their living.

When Mr Ian Smith declared UDI in 1965, Rhodesian agriculture was overwhelmingly dependent on tobacco.

Since then agriculture has diversified enormously, with crops such as coffee, tea, cotton, soya beans and wheat removing tobacco's pre-eminence. For several years Rhodesia has been able to export large quantities of maize to countries such as Zambia and Zaire which were unable to feed their populations out of their own production.

The removal of sanctions should thus herald a Rhodesian commercial agriculture poised for a big increase in its export earnings. The ravages of the war, however, and the withered commercial sector have combined to make the immediate future less bright than might have been expected.

Cattle ranching has been particularly badly affected, with commercial ranchers losing 250,000 head to stock thieves—a loss worth more than £10m. To counter the danger of rustling many farmers have taken to sending their breeding cows to the abattoirs, with the result that the national breeding herd is about a million head smaller than it should be if the country is to meet both its export commitments and its domestic requirements for beef.

The war and the drought have halted maize and other grain exports for the time being, with Rhodesia buying yellow maize from South Africa for stock feeding in order to release stocks of its own white maize already contracted for sale to Zaire.

The shortfall in maize production has coincided with the collapse of agriculture among many of the subsistence farmers of the tribal trust lands. One authority, Mr Eddie Cross, who is a senior economist at the Agricultural Marketing Authority, calculated late last year that living standards for many tribespeople in Rhodesia had fallen below those of the inhabitants of Bangladesh, a situa-



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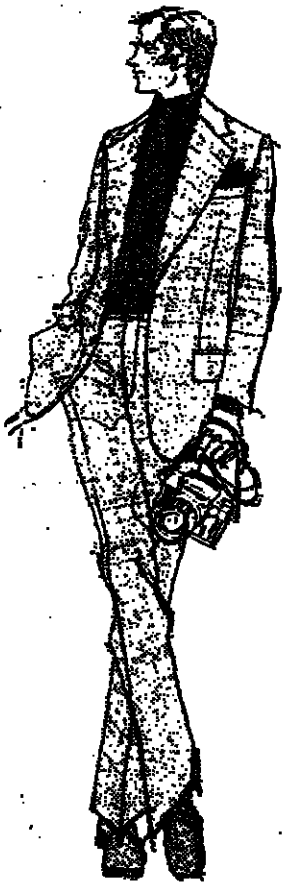
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Jerome Caminada surveys 14 years

Settlers expected to stand their ground

The white people who are still in Rhodesia after living through 14 years of sanctions and nearly eight years of bush warfare are not likely to desert the scene easily now. Having stood their ground through a bizarre sequence of conferences, elections, new constitutions and threats or blandishments, most of them, until quite recently at any rate, were saying that they wanted to stay.

The life these whites have led—and short of some total disaster—are still likely to lead has not been all that bad, but not all that good either. In the towns it has followed a resilient Rhodesian pattern of sport, sunshine, rain and work—pleasant enough, but not quite of the lotus "two cars and swimming pool" kind often glibly projected abroad.

On the farms during these past few years it has been a case of work in sunshine or rain, with firearms always to hand, by day and by night. Protection and vigilance, whether driving or walking about in daylight, or batten down behind high-wire barricades at night, became instinctive. Among the white community, the farmers who stayed on their land were the real heroes of the 1970s.

Townsmen, for their part, have been able to come and go more freely, though they, too, have had to adapt. Apart from producing new goods to outwit sanctions, they have had to turn their businesses in spite of being absent in the Armed Forces for staggered periods totalling up to half of every year.

All firms, banks, shops—even bookmakers—have carried on in this way. In the 12 months that I lived in Rhodesia, from 1977 to 1978, I knew staff who scarcely ever saw some of the men with whom they shared an office. A worker due to report for more duty with the army or the police would leave his desk tidy one afternoon, and his inky would be taken over next day by

someone returning from his own rotating six-week call-up. Month by month this invisible leap-frogging went on.

The women of the white population were more cushioned. They were not called up, though some volunteered for the services or did welfare work. Many had full-time or part-time jobs.

Most women had African house "boys" to clean, cook and wash up, and a youth to help her husband or herself keep the acre or two of garden manicured. Mothers who had young children usually stayed at home, but others could, after doing their shopping, go out to work. If not working they could play tennis, golf or bridge; and many also worked went to the courts or course after hours.

Again, this was in the towns. On the farms, there was little movement away from the homesteads after 4.30 pm or five o'clock. Dusk was always the time when the shadow guerrillas might strike.

In Salisbury I joined a small and very modest tennis club which was in the grounds of a small military headquarters, but was independent. A year's subscription cost the equivalent of about £5; there was no clubhouse, but simply a shed with two tiny dressing rooms, without showers or lavatories, and a minute bar.

It was an easy-going setting; but the younger men were constantly leaving for another stint in the bush, and the other members always talked about them then. One Sunday an air force jet—two, three—streaked high over the Mozambique border. "Get on! Go get 'em, boy!" snarled a woman on court, swishing her racquet through the air, and the cry was repeated by others. The feeling against the "terrs" (terrorists) was intense.

No black members belonged to that club, and few of the men and women there had any social contact with

Africans. But in the business community of Salisbury I sometimes experienced vibrant contact between white and black.

The Farmers' Union, for example, organized a conference two days ago at which 100 Africans and 100 whites took part. They argued, harangued and de-claimed on agriculture, business and government policy; they drank tea and coffee, and lunched and smoked, all together.

Some came from the land, and some from official desks, on banks, or the conning towers of trade. This bonhomie may not have run very deep, but the occasion did demonstrate that there is a platform on which Rhodesians can build.

When you live in that country you rise early. Six o'clock, or soon after, in the towns as a rule, and on your way to the office by 7.15 or 7.30. Petrol rationing for most people in the 1970s was calculated on the distance from home to office. The mornings are fresh and clear most of the year, and flowering blossoms—pink, red, purple—glow at different seasons—lines the wide roads.

By 4.30 work is over. The same cars then stream out-

wards to the bungalow homes; cars which, because few models could be imported under sanctions, have until now had years of service under their bonnets.

The evening meal is at 7 pm or soon after. The television set (black and white only) is then turned on, and one programme, like as not, will be some international sport event a month or two old. The diversion of this kind has been for White Rhodesians a lifeline to the outside world which tried to turn its back on them.

The total white population is so small it would not in fact fill Wembley stadium in London, for example, more than about two and a half times, but Rhodesians of British stock—many of whom emigrated after the Second World War—have clung to the lustre of Wembley, or of Wimbledon, Twickenham and St Andrews. Many, too, who were born in Rhodesia have managed, in spite of holding outcast Rhodesian passports, to travel to those places.

The life has been prosaic for some, dangerous for others. The army part of it will now probably fade away, but as bitterness on all sides fades too, much of the rest will, I suspect, endure, whoever rules Rhodesia.

Merit will replace colour

Unlike Zambia, which had feared the black graduates when it gained independence, Rhodesia will have many skilled blacks when it becomes Zimbabwe. Despite discrimination against blacks in education, Rhodesia will achieve its goal of a graduate proportion of graduates that any other African nation has done.

Racial barriers in education were technically taken down last year after the election of the Government led by Bishop Abel Muzorewa; but new, and perhaps equally insurmountable, barriers were erected in their place with the creation of a system differentiated on the basis of price.

This system, which remains a disguised form, will disappear soon, and it is hoped that it will be replaced by one in which merit alone will count. In the meantime, Rhodesia is confronting with the results of past discrimination—black graduates resentful that the best jobs have been, and to a large extent still are, reserved for whites, and a shortage of skilled workers in industry.

Despite the steps taken to bring more blacks into industrial training schemes the key role still played by whites is reflected in the concern regularly voiced by industry that emigration is leaving a dangerous shortage of skilled workers.

Two years ago, figures published by the Central Statistical Office suggested that between 50,000 and 100,000 blacks were engaged in jobs for which they were unqualified, a situation which reflected badly both on the extent to which the educational system was not geared to meet the needs of the economy and on overall industrial efficiency.

Although the economy has been in a deep recession for the past five years, considerable steps have been taken to increase industrial skills. The number of apprentices registered last year was 11,330, compared with only 3,851 in 1975.

The Government also announced last year a £15.5m programme to expand facilities for training skilled workers. In

broad terms this development programme will entail an increase of 50 per cent in the numbers of people undergoing training for commerce or industry at any one time.

However, all these measures appear insignificant when measured against the scale of the problem confronting any future government. With a population growth of 3.6 per cent a year, one of the highest in the world, Rhodesia should be creating 60,000 to 70,000 new jobs a year simply to absorb the same proportions of people entering the labour market as it does now.

During the period of economic expansion, which lasted from about 1964 to 1974, wage employment generally grew by 4.5 per cent, or faster, than the population. Since the boom faltered, the total size of the workforce has fallen, which means that, allowing for the increase in the population, a smaller proportion of blacks is now involved in the modernized sector of the economy than was the case 15 years ago.

A third of the population of working age is engaged in the wage sector and is responsible for 90 per cent of the gross domestic product, while the remaining two thirds accounts for only 10 per cent of gdp.

The gulf between the two sectors contains the biggest single problem the country is likely to face, the rising expectations of all blacks for greater material well-being. All the parties involved in the election have pledged that they will greatly improve educational and training facilities, with the expectation that this will be achieved from stagnant resources.

The realization that Rhodesia, like any Third World country, simply cannot afford to provide universal secondary education, and hence equal access to employment opportunities, is likely to be one of the first sources of disappointment among black Zimbabweans as the country prepares to try to find its own way in the world.

Paul Eilman

A very special report

continued from page 14

Nations members, none the less accelerated the growth of the domestic money market. As in manufacturing industry, so in the financial sector, Rhodesians responded to what they saw as their abandonment becoming almost self-sufficient.

An estimate by the Reserve puts the Rhodesian money market as twice the size of that of New Zealand, although the gross domestic product of the latter country could be five times greater.

Rhodesian money men are confident that they can handle most, if not all, the calls that will be made on the indigenous financial system as Rhodesia begins to tap world capital markets. Most normal money instruments are traded.

Given the resumption of the civil war after the elections, there will be large inflows of capital of many kinds. The Reserve is anxious to tap the Euro-currency markets, and there will be big requirements for aid from other governments and from international agencies such as the World Bank, for reconstruction or renewal.

The country now has its own network of finance houses, dealing in hire purchase, leasing and factoring.

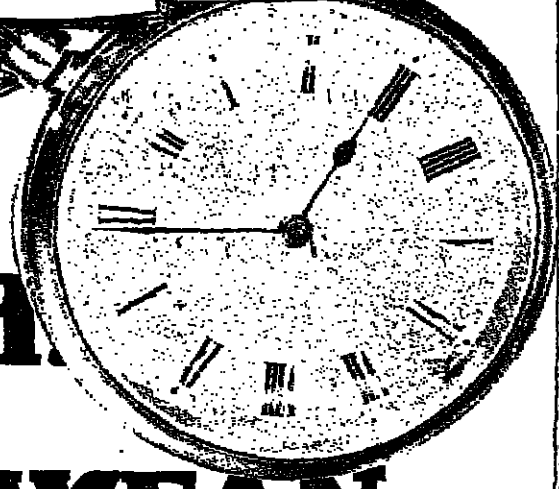
These grew sharply between 1971 and about 1973, fattening on the local demand for consumer credit. About that time, however, this market reached a peak, and then took a dive after 1974 and another event in Rhodesian history almost as seminal as 1911, the oil price increase.

There was already a Rhodesian stock exchange before 1911, and although there are still only six members of brokers and 17 members business was brisk between 1911 and the reaching of an internal agreement, bringing blacks into the Government in 1978. Activity rose again on the Lancaster House agreement, only to fall when Mr Mugabe returned to Rhodesia.

Though Rhodesia's capital requirements are great and its creditworthiness (given peace) very high, it is unlikely that the Rhodesians will lose their heads. They are heavily under-borrowed, as much through policy as because of isolation, and having brought in exchange controls in the early 1960s to stem a flight of capital as the break-up of the federation neared, the odds are that exchange control will continue for some time to limit outflows after a black government takes charge.

R.D.

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© TIMES NEWSPAPERS LIMITED, 1980. Printed and Published by Times Newspapers Limited at New Printing House Square, Gray's Inn Road, London WC1X 8EJ, England. Telephone: 01-857 1234. Tuesday, February 19, 1980

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PERHAPS THE NEXT PRESIDENT?

Mr George Bush has won another victory in his quest for the Republican nomination in the American presidential race. His success in the Puerto Rican primary may not seem on the face of it to be particularly significant. Although this is the first of the primaries, Puerto Rico offers no clear guide to opinion in the United States and Mr Ronald Reagan, who is still widely regarded as the front runner despite his showing in the Iowa caucuses, was not a candidate in this contest. But Mr Bush's victory in Puerto Rico will help him in two ways. It will confirm his reputation as a winner and his handsome margin over Senator Howard Baker—to say nothing of Mr John Connally's very poor showing—will establish him all the more strongly as the Republican with the best chance of beating Mr Reagan.

Both these assumptions will be tested much more thoroughly in New Hampshire next week. But momentum is always of critical importance in the early stages of an American presidential election and Mr Bush is the man who has taken best advantage of these early exchanges. His success has been based upon three strengths: excellent organization, an impressive capacity to make friends and an imposing record of public service ranging from two terms in Congress to the directorship of the CIA.

These qualities, valuable though they are in a candidate, do not assure that Mr Bush

would make a distinguished President. His campaign to date has been notable more for its calculation than its courage. He is the moderate most acceptable to conservatives, and the conservative most acceptable to moderates in the party. This equivocal reputation has been won partly by the studied ambivalence which is so often a shrewd electoral tactic in the United States, but also partly by the caution which is a central feature of his character.

This would not necessarily be a disadvantage if he were President. A determined man of careful judgment would be well equipped for the White House at this juncture. Mr Bush's determination is evident from the zeal with which he has conducted his lengthy campaign. Like Mr Carter in 1976 he is the aspirant who wants the Presidency most. His carefulness is seen not only in his campaigning but in the deliberation with which he is preparing himself for the office. He would come to the Presidency with solid experience and strong views on foreign policy, derived not only from his days at the CIA but also from his time heading the American diplomatic mission in China and as the United States Ambassador at the United Nations. In economic affairs he is less well versed, but his fairly conventional conservative views would not be out of place at this time and the care of his preparation is impressive.

What is not evident from his record is whether he would have

that inner strength not simply to withstand the pressures of the office but to resist the seduction of an easy policy. Might his cautious temperament, combined with his instinctive preference for advisers with established credentials, incline him on occasion to accept the expedient course when he ought to assert a more lofty judgment? One would feel more confident of the answer if he had not found convenient reasons for attacking President Carter's grain embargo at the time of the Iowa caucuses.

The prospect offered by Mr Bush is therefore of a sound but not a brilliantly creative Presidency. With his conviction in a strong defence policy towards the Soviet Union, his disinclination to be rash, his belief in thorough consultation with allies, and his preference for economic stability, he would be a President with whom a British Government, especially the present one, ought to find it easy to deal. It is much too soon to decide which of the candidates would best suit Britain, but Mr Bush's campaign deserves to be watched with favourable interest. Certainly this is a candidature to be taken seriously: on age alone Mr Bush is a very strong contender against Mr Reagan; whoever wins the Republican nomination has the issue of inflation to help him: it must be uncertain whether the President will be re-elected with inflation moving up towards 15 per cent.

THE UNITED STATES RETURNS TO THE ILO

There is no doubt that the decision of the United States to resume its membership of the International Labour Organization is the right one, both for the Americans and for the ILO. When they left two years ago the Americans deprived the organization of 25 per cent of its budget and, even more important, of the American voice on all the issues of labour relations, human rights and economic development which it handles. The decision to leave was opposed within the United States by the State Department and by most countries in the industrialized world. It was pushed through by the AFL-CIO, the main union confederation then headed by Mr George Meany, and by the United States Council of the International Chamber of Commerce, the employers' organization. Both bodies were sharply critical of many of the practices of the ILO, but now consider that there have been sufficient improvements to justify the American return.

How far these improvements were the result of the American

withdrawal is open to question. There are many at the ILO who maintain that they could have been brought about in any case, and that the United States would have served its own purpose better by remaining inside the organization and using its influence there. But there is no doubt that there has been progress on the various points raised by the United States before its decision to leave: politicization, reflected in a 1974 resolution criticizing Israel; selectivity in censuring countries for human rights violations; erosion of the tripartite principle, by which workers' and employers' delegates should be free to vote differently from governments; and disregard for due process. In the past two years, for instance, no political resolutions of the ILO have been adopted by the ILO; and the organization has tackled the issue of human rights in eastern Europe by publishing information on the dismissal in Czechoslovakia of signatories of Charter 77, as well as investigating both the Soviet Union and Poland on charges of

obstructing the creation of free trade unions.

As a result of the American withdrawal, the ILO had to eliminate more than 300 jobs and cut back its programmes. There will now be a new infusion of cash, and a chance to build on the programmes which have been kept going during the lean years. Since its formation in 1919 the ILO has produced a great number of conventions and recommendations on different aspects of relations between employers and employees. In the last few years it has been concentrating on the developing world, and has been responsible for research into mass unemployment and income distribution there. It has also promoted industrial training, and has played its part in helping to bring about the improvement in living and working conditions. The dropping of pressure to debate extraneous political issues has meant that more effort has been directed to activities of this sort. With the United States back in, the ILO will be better equipped to carry out its proper tasks.

WHERE LESS GOVERNMENT MEANS MORE

It is something of an electoral freak for a government to come to power, as Mrs Thatcher's did, at a time when all three English local government associations are already dominated by members of the new ruling party. It might seem to guarantee a peaceful interval in the normally strained relationship between central and local government. But already the old fears and hostilities are as lively as they have ever been. The Housing and Education Bills, and above all the Local Government, Planning and Land Bill, have all aroused widespread misgivings in Conservative as well as Labour councils. The latter is opposed by all three local government associations, and was severely criticized in the second reading debate earlier this month by Mr Geoffrey Rippon, a former Conservative Secretary of State for the Environment.

This may seem strange in relation to a Bill whose first purpose is claimed to be the reduction of central controls. It does indeed relax several hundred restrictions connected with the Rag Flock and Other Filling Materials Act 1951 and so on, but in the more important respects its tendency is to increase central controls,

not reduce them. In many fields it gives wide new powers of discretionary action to the Secretary of State, or to the Secretary of State armed with a parliamentary resolution, so that the actual effects are in many respects difficult to envisage beforehand. The Bill tries to do too much too fast; if it had not been for a lucky procedural mishap which caused it to make a first abortive appearance in the Lords before reappearing with improvements in the Commons, its undigested quality would be even more striking.

The Bill is full of good ideas to be achieved by alarming means. It proposes Urban Development Corporations to bring to decayed city areas the kind of energetic regime that worked so well in the New Towns. The idea is an exciting one, but the corporations will be given disturbingly wide powers to by-pass ordinary planning procedures; and the Government will have such a wide discretion in setting them up that, as an Opposition speaker pointed out in the debate, a Labour minister in future might set up UDCs in outer London boroughs to build homes to relieve the overcrowding in inner London.

The keenest fears of local government surround the provisions relating to Rate Support Grant. It is alleged that they will effectively obliterate the financial accountability of a council to its ratepayers. The fears are real, though they relate less to the principle of unitary grant than to the obscurity that still surrounds the way in which the Government might operate it. It is wholly right in principle that the Government should be able to determine annually what level of spending it is ready to support with grant, in relation to the needs and resources of each council, and that spending above that level should be prohibited. But it is essential that the arrangement should be based on rules that are clear, general in application and broadly consistent from year to year, and should relate to the overall spending of each authority, not to separate heads of expenditure. The possibility of political vendettas against certain kinds of spending should be excluded. Mr Heseltine still has more to do to convince local government that the discretion he is seeking for himself and his successors is not too wide.

A fair price for oil

From Mr Jon Kimche
Sir, Your Geneva correspondent reports (February 8) the somewhat arrogant statement by Sheikh Ahmed Zaki Yamani that the oil producing countries were not prepared to discuss the price of oil with the consumer nations "at all". This was a matter which concerned only the producer countries. Sheikh Yamani also repeated his now familiar argument that Saudi Arabia and the other Opec producers were not getting an adequate return for their oil investment.

The latest and officially still unpublished Evaluation of Saudi Foreign Investments and Earnings by the Saudi Central Statistical Bureau shows that in the seven years from 1972-73 Saudi foreign investment increased 66 times from \$2,865m in 1972-73 to \$183,000m in 1978-79 and to an estimated \$190,000m in 1979-80.

Considering that the discovery, exploration, development and investment in Saudi oil was made largely by the Americans, and the workforce, skilled and otherwise, mainly non-Saudi expatriate labour, what does Sheikh Yamani consider to be an adequate return for the relatively small number of Saudi beneficiaries? It is an increase, not of profits, of foreign investments of over

\$180,000m, and interest payments of some \$50,000m over seven years just another packet of peanuts? Or should the consumer nations, rich and poor, that have provided this bounty have some say in the matter and do something about it before it is too late?

Yours faithfully,
JON KIMCHE,
Camilla Lacey Lodge,
Westhumble,
Dorking,
Surrey.
February 11.

This sporting life

From Mr Norman Harris
Sir, Against your correspondent's stories of today (February 14), Bureau show sport, in Orwell's words, as "an unfulfilling cause of ill-will". May I instance a more recent, and perhaps more important, example of goodwill.

After the 1972 international rugby season, when Ireland's scheduled visitors stayed away because of threats, England in 1973 became the first team in the championship to commit themselves to going to Dublin. They received a standing ovation so lengthy it almost embarrassed the Irish players. Ireland's comfortable victory also is said to have been embarrassing to many Irishmen. At any rate,

England's recent successes have been gladly received in Ireland. The cheering at Lansdowne Road two weeks ago which greeted the scoreline from Paris was something which might have made any Englishman grateful to what had been achieved on the field of sport.

Yours faithfully,
NORMAN HARRIS,
361 Lansdowne Road,
Barnes, SW13.

A word for the Vikings

From Mr R. H. Lethbridge
Sir, I am descended from a Viking chieftain called Ragnar Lothbrok, and my ancestors were the first to be pillaged down the Northumbrian coast in the ninth century. His two unpleasant sons, Ungar and Ubbe, did much the same before settling down near Exeter. I now read in your columns that it wasn't like that at all and that the Vikings were really rather cultivated and did beautiful metal work, etc. Oh dear! Another myth shattered. How shall I break it to my children, who are rather proud of their rude forebears? Yours faithfully,
R. H. LETHBRIDGE,
16 Belmont Road,
Twickenham,
Middlesex.

Welfare of the world

From Professor H. W. Singer and Mrs Stephany Griffith-Jones
Sir, Your leader commenting on the Brandt Commission report (February 13), although praising its "overall outlook and principles," seems unduly critical of the measures which could put these principles into practice. You state that "the world money supply needs to be treated separately from the problem of helping those in need." This would be a valid position, were sufficient aid channelled to developing countries, and particularly to the poorest among them; however, as the Brandt Commission report and many other studies show, there is insufficient aid going to the neediest people in the world.

Thus, linking aid to the creation of international liquidity might be one of the few concrete opportunities for channelling substantial aid to the Third World. You further criticize the Brandt report for not wholly facing "the problem of massive transfer of resources to the South would inevitably mean massive financing of deficits in those areas." If the large deficits projected particularly for 1980 are not financed—and it is increasingly doubtful that the private banking system, which did most of the recycling from surplus to deficit countries in the seventies, will be willing or able to do it to the same extent in this decade—one or both of the following sombre scenarios will probably emerge. Some non-oil developing countries may be unable to cover their balance of payments deficits, and may increasingly default on their repayments of debts, with very serious consequences for the international banking community and the world economy.

Alternatively, these developing countries will be forced to reduce their deficits by massive deflation of their economies, with extremely negative consequences for the real incomes of their population and for their future growth.

The latter alternative would worsen also the recession in the developed countries, as important markets for their exports in the Third World would be lost. Without financing, there will and can be no deficits—but at a heavy price to the world community—and that means us. Yours faithfully,
H. W. SINGER,
STEPHANY GRIFFITH-JONES,
18 The Vale,
Ovingdean,
Brighton,
Sussex.
February 13.

Protecting farmers

From the President of the National Farmers' Union
Sir, Your leader of February 13 distinguishes between the interests of farming and the broader national interest. I suggest that this is a false distinction. The national economy needs a strong and developing agriculture.

An earlier leading article in *The Times* (December 8) identified our "small but highly efficient" agriculture as one of the United Kingdom's four great assets. It is surely essential to maintain and to build upon that asset.

Agriculture's outstanding record of improving productivity over the whole post-war period is well known. If productivity had improved only at the average rate for British industry (about 70 per cent) the balance would be about £1,300m a year worse than it is at present. But productivity improvements require investment and in agriculture, the ability to invest depends essentially on the level of farm income.

Between 1977 and 1979, net farm income fell by 26 per cent in real terms. This decline, and the prospect of further contraction in 1980, jeopardises future production. This must be of concern not only to those who work in agriculture but to the whole of the United Kingdom, since agriculture is so essential to maintain and to build upon that asset.

In view of the poor and deteriorating income situation in British agriculture, this Union has given full support to the European farm organizations' claim for a 79 per cent increase in the common farm price. The adoption of the Commission's proposals for a 2.4 per cent increase would be disastrous for British farmers and the contribution to the industry makes a substantial reduction in the EEC budget problem must not be sought at the expense of British agriculture.

Yours faithfully,
RICHARD BUTLER,
Agriculture House,
Knightsbridge, SW1.
February 15.

The price of labour

From Dr D. Huddins
Sir, It seems there has been a wide-spread misunderstanding of the facts in the steel dispute.

In the present economic climate productivity in the steel industry cannot be improved by making more steel as there is unlikely to be a market for it. A substantial reduction in the workforce would seem to be a logical way of increasing productivity and this was agreed by unions and management before the dispute began.

If this is accepted it would surely be reasonable for the people still employed in the steel industry to expect an increase in wages which has a realistic relationship to the going rate of inflation. In the light of this the initial management offer was derisory and likely to provoke a militant reaction.

Trade union reform is surely necessary but industrial peace and all its benefits will not be achieved unless management and government stop making demands on the workforce which are illogical as well as unrealistic.

Yours faithfully,
DAVID HUDDINS,
6 South Drive,
Chaddesden,
Derby.
February 10.

LETTERS TO THE EDITOR

Trade unions and the rule of law

From Mr Jan Hildreth
Sir, So Mr Lane (February 14) would like you to be elected to your position as editor by your fellow workers! I infer that he believes that all leaders should be elected by those they are to lead, and that all decisions should be arrived at by a consensus of this same group.

This is the monumentally stupid generalization that underlies that woollyest of concepts, "industrial democracy". And the fact that so many seem to accept it without question reinforces your own argument (February 9) that intellectual idleness characterizes British public affairs.

We are beset by woefully thinking and played by what I call "flock-think", the sheeplike adoption of half-baked solutions to half-understood problems. As each is tried and fails, we rush on to the next cure-all. We are wide open to exploitation by any determined manipulator.

The immediate threat comes from the trade union establishment. They are determined to maintain their present position, however over the rest of us and in particular, to tighten their grip by such means as the closed shop on their membership. In all this they exhibit "flock-think" to the full, as their promotion of "industrial democracy" has so often demonstrated.

The logical flaw in the concept of "industrial democracy" is the assumption that the employees of a business are also its business's proper constituents. This is not so. The social purpose of business is to serve employees, whether shopfloor or boardroom; not to serve shareholders. It is to serve customers. Only by satisfying customers does a business earn any reward for employees, shareholders or anyone else.

The customer is the only judge of the value created by a business as the sorry tale of British Leyland is again teaching us. Ability in satisfying a market is the primary qualification for leadership in business and, in this, customers are the businessmen's only constituents. Their votes are cast at the cash register.

Home co-ownership

From Mr G. R. Davies
Sir, The report of the debate on the second reading of the Matrimonial Homes (Co-ownership) Bill, as described on page 10 of *The Times*, February 13, might be thought to indicate that the Law Society is opposed to the principle of co-ownership of the matrimonial home. This is of course untrue. In the great majority of marriages joint ownership is desirable. In a few, there are special circumstances because of which the spouses rightly make other arrangements.

The Society's Sub-Committee on Family Law, comprising the object of the Bill, which is to encourage co-ownership of the matrimonial home. However, they doubt that the introduction of a statutory provision of this kind will in fact increase the existing strong tendency to vest the matrimonial home in joint names (about 70 per cent are now bought in this way). Most of the practical benefits provided by the Bill are available under the present law and our feeling is that those spouses who now choose sole ownership, for good or bad reasons, will continue to do so, making use of the escape provisions in the Bill. Furthermore, the Bill will increase the complication of conveyancing. We wonder whether this is a price worth paying for an uncertain benefit.

The Society's Family Law Sub-Committee, The Law Society's Hall, 113 Chancery Lane, WC2.

Cost of statistics

From Dr David Rhind and Dr David Storey
Sir, On February 6 you reported that the Prime Minister's adviser on the elimination of waste was to carry out a review of the Government Statistical Service (GSS). It was not clear from the report whether the value of GSS statistics to non-government users is to be included in the assessment of costs and benefits. We strongly support such a consideration since government itself annually funds at least £10 million of research in universities and research institutes which is heavily dependent on these statistics.

Given the prevailing economic situation, attempts to minimize costs through pruning of services are understandable. However, some cuts in the provision of statistics in the past have actually led to increased costs. The most obvious example is the cancellation of the 1976 Census of Population; this precipitated of various local surveys run by local authorities, largely uncoordinated and incompatible both in timing and in the questions asked of the populace.

We believe that there are three ways in which dramatic improvements in the utility of GSS statistics can be effected. The first is to speed publication of such data; to take nearly three years for example, in providing the results of an Annual Census of Employment is a nonsense and severely constrains

Question of contempt

From Mr David Leigh
Sir, Sir David Napley (February 13), who was engaged to defend Mr Thorpe at his recent trial, wants to make "a serious criminal offence for jurors to publish their version of what they believe" on the apparent grounds that "a mere statement of a layman that he was thought the defendants were guilty of a conspiracy of some kind carries little weight".

Sir David implies that the reliability of the juror quoted in the *New Statesman* case and even his identity is unknown. As one of the only two people who know that the juror's identity and interview had been professionally sceptically and legally I am not impressed by Sir David's innuendo.

But I am actively worried by his conclusions, which he must know have no basis in common sense. It is open to any layman to say what he thinks about the Thorpe case, and he has a right to do so. But he has no right to say that a juror has said that. And if anything a juror's statement is a defamatory

This is not to say that the employees do not have an interest in who is to lead them. But the process of selection of a business leader and the criteria which determine business decisions must be rooted in the market and the workplace. Those of us who believe in democracy must recognize how delicate and unstable is the balance of power upon which it rests. And we must also distinguish true democracy from the false. The touchstone of truth lies in a democracy's ability to serve the individual.

The civil servant and soldier must serve the state. The statesman, must be led by the politician to serve the citizen. The businessman must serve the customer, the doctor the patient, and the trade union leader his members.

This is why you, Sir, must not submit to election by your fellow workers, and why the trade union leaders should be subject to their members. It is a "customer democracy" not an "industrial democracy" for which we should strive.

Yours faithfully,
IAN HILDRETH,
50 Ridgway Place,
Wimbledon, SW19.
February 16.

From Professor Lord Wedderburn of Charlton
Sir, Mr York (February 18) alleges that in 1973 I argued that "in modern industrial society an individual had no rights except 'collective' rights". I have never advanced such a silly proposition. Nor do I, as he suggests, approve of "violence".

I do say that collective organisation and action is required for individual workers to enjoy effective industrial rights in our society, and these the Government intends to curb by laws redolent of the nineteenth century.

Yours sincerely,
WEDDERBURN OF CHARLTON,
Professor of Commercial Law,
London School of Economics in the University of London,
29 Woodside Avenue, Highbury, N6
February 18.

What is in our opinion more important is the Bill's failure to deal with a problem which causes real hardship in relation to ownership of the matrimonial home. A spouse whose name does not appear on its title is vulnerable, for the spouse in whose name it is held can dispose of it surreptitiously, thereby depriving the "non-owner" spouse of all his or her actual or potential rights. Indeed, if clauses 23 and 24 of the Bill are implemented in their present form, the "non-owner" spouse will be worse off than under the present law. He or she will lose the rather uncertain protection of the Law of Property Act, 1925, and the constructive notice doctrine of the Land Registration Act, 1925 (see the recent cases of *Williams & Glyn's Bank Limited v. Boland and Brown*).

If it is felt that statutory co-ownership is desirable and that the Bill should be enacted, clauses 23 and 24 should be amended. In any case, as the Family Law Sub-Committee have recommended, the Law Commission should be asked to consider what protection the law could give to a spouse whose name does not appear on the title to the matrimonial home.

Yours sincerely,
G. R. DAVIES,
Chairman,
The Law Society's Family Law Sub-Committee,
The Law Society's Hall,
113 Chancery Lane, WC2.

monitoring of that vital sector of the economy.

Secondly, insufficient consideration is still given to synchronizing data collected by different government departments and, in standardizing, to the use of consistent codes. Employment Office Areas, health districts, administrative districts and enumeration districts are some commonly used; such incompatibilities ensure that research results may well reflect surveys themselves rather than the real world they attempt to describe.

Finally, it is vital that improved access to some detailed statistics be made available to bona fide researchers. At present, even those who are sponsored by government departments and are prepared to sign the Official Secrets Act often find it impossible to get access to government data readily available to local authorities—barred largely by official interpretations of the Statistics of Trade Act. This situation may become even worse with the advent of a Data Protection Authority as recommended by the Lidop Committee.

Cutting costs without consideration of these factors may therefore lead to the worst of all worlds—more expensive and less useful government statistics.

Yours faithfully,
DAVID RHIND,
DAVID STOREY,
University of Durham,
February 13.

or others out of court, then Mr Thorpe may, like every other citizen, sue for libel.

I am sure the juror I interviewed would be willing to be "subjected to cross-examination". As I recall, three of the defendants in the Thorpe case were not willing to be thus cross-examined. Sir David must take a very narrow view who constitutes "dangerous, hardy and inherent injustice".

Yours faithfully,
DAVID LEIGH,
20 Wesley Square, W11.

Slanging match

From Professor John Honey
Sir, Mr van Buuren (February 11) may have another example. I recently sold a house in Cambridge whose garden was attractively decorated by tall elms. Two separate viewers enquired "But are they Dutch elms?"

Yours faithfully,
JOHN HONEY,
School of Education,
Leicester Polytechnic.

Getting value for our rates

From Mr G. P. Barnard
Sir, Anthony Brown's article (February 13) is full of sweeping generalizations and contains so many ill-founded conclusions that it would require a longer letter than this to expose.

The majority of local authorities are really concerned to buy the best services for their ratepayers. My own Borough Council has and continues to test for the cheapest way of providing services before deciding whether to employ its own staff or to contract out. The result is a saving of what is believed to be "horses for courses".

Some commercial organizations do default when strikes prevent them from achieving their commitments—where has Mr Brown been during the last few years?

The rates are not a payment for services due and if Mr Brown wishes to have ratepayers reimbursed when a service falters, no doubt he will persuade Parliament to change the law.

Rate levels currently being fixed are not payment for a wide variety of services and functions run to March 31, 1971—how many British commercial organizations would give a fixed price quotation for this sort of work? Yours faithfully,
C. P. BARNARD,
Chief Technical Officer,
Borough of Crewe and Nantwich,
Wellington House,
Delamere Street, Crewe.
February 13.

Sprucing up hillsides

From the Secretary of the Ramblers' Association

Sir, In your report on the proposals by the Centre for Agricultural Strategy for a massive new programme of afforestation in the uplands of Britain (February 12), emphasis was placed on the effect of the new planting on grouse moors. Your readers should be aware that the implications of the Centre's report are much wider and would amount, in our view, to a most serious blow to the interests of landscape and wildlife conservation in this country.

Of the alternative planting rates outlined in the report, the most rapid would result in the area of hill land under commercial conifer forests being doubled by the year 2020. Many people regret the blanketing, by dark, monotonous silva spruce plantations of large areas in the uplands of Central Wales, Northumberland and Scotland, and they will be horrified to imagine the effects of planting a further 2 million hectares over the next 50 years.

The arguments in favour of expansion rest in part on forecasts which, as the Centre itself admits, are "fraught with problems". There is therefore much room for debate and, at the very least, the Government should initiate wide-ranging consultations before coming to any final decisions.

However, it is disturbing to note that the Chairman of the Forestry Commission said recently that the Government will shortly be making an announcement giving their views on future forestry policy. This implies that little time will be given for consultations on the Centre's report.

We sincerely hope that Mr Peter Walker and the Cabinet will not come to any conclusion before consulting the conservationists' case. The Government's best course would be to publish a Green Paper and invite comments from all interested parties. Yours faithfully,
ALAN MATTINGLY,
1.5 Wandsworth Road, SW8.
February 13.

Prodigal of pelt

From Mr George Schwartz
Sir, What is all this talk about one economic decline? It is a sick suggestion that can afford to use such a missile.

I have in my time showered newly-weds with rice, but I am credibly informed that there are parts of the world in which the luckless inhabitants actually eat the rice.

Rule Britannia. Come the three corners of the world in arms, and we will pelt them with eggs and tomatoes. Yours faithfully,
GEORGE SCHWARTZ,
28 Spencer Drive,
Hampstead Garden Suburb, N2.

A lively art

From Mr Sam Heppner
Sir, If music lover and philatelist Ian Cadogan (February 15) will exercise a little patience, and if I may alert the Post Office to make a forward note in its five-year diary, we may hope in 1984—however much we may dread the Orwellian cataclysm—to see the 50th anniversary of the deaths of Elgar, Delius (and possibly Norman O'Neill) commemorated on our postage stamps.

Yours faithfully,
SAM HEPPNER,
Cottage, 1 S. Maywood's day,
Bagshot Road,
Worlestone,
Surrey.

Out of joint

From Mr M. R. Foot
Sir, Have you given up sub-editing your bill page? This week you have had Ian Bradley, who has just published on the period, misinform us that Sir Robert Peel was prime minister "from 1839 to 1845" (actual dates: 1834-35 and 1841-46), and the usually admirable Bernard Levin observed that Winston Churchill (born November 30, 1874) "had not been born" in 1875.

Prime ministers' dates are more important than most, in the still lamented J. S. Maywood's day, would you not have got them right? I am, Sir,
M. R. FOOT,
38 Heath View, N2.
February 15.

ACCOUNT DAYS : Dealing: Began, Feb 11. Dealings End, Feb 22. § Contango Day, Feb 25. Settlement Day, March 3

§ Forward bargains are permitted on two previous days

[illegible]

THE TIMES

BUSINESS NEWS

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■ Stock markets	
FT Index 463.0, up 0.4	FT Gilt 65.80, down 0.22
■ Sterling	
\$2.2965, up 10pts	Index 72.9, down 0.1
■ Dollar	
Index 85.5, up 0.2	
■ Gold	
\$662.5, up \$4	
■ Money	
3 mth sterling 17 1/4-17 1/2	
3 mth Euro-£ 15 1/4-15 1/2	
6 mth Euro-£ 15 1/4-15 1/2	

IN BRIEF

New lease of life for tobacco substitutes

Options for increasing production of tobacco substitutes—which were savagely cut back after their 1977 launch fiasco—are under review by the two manufacturers involved. This follows the report by the Independent Scientific Committee on Smoking and Health, which suggested to the Government that substitutes might be one long-term way of reducing tar levels in cigarettes. One manufacturer, Celanese Corporation in the United States is still producing its Cyrel tobacco substitute at a Maryland factory and this is still used as a mix with tobacco. B&W, Gallaher and Carreras Rothman use Cyrel. Limited production of New Smoking Material (NSM) is still continuing at the Ardeer factory of the Imperial Group, three of which are owned by John Player and one W. D. & H. O. Wills—use as a mix some NSM, which was developed with ICI. Cigarettes that include Cyrel or NSM today account for less than 1 per cent of the market.

£14m refinery order

Foster Wheeler UK has won a £14m contract to carry out extensive modifications on Esso's fluid catalytic cracking unit at Fawley refinery, Hampshire. Conversion efficiency will be improved and energy saved.

US tax commitment

Just as the United Kingdom-United States double taxation treaty was due to be debated in Parliament last night, Mr Al Ullman, chairman of the United States House of Representatives Ways and Means Committee said he would introduce a Bill prohibiting untaxed taxation in America.

Temeco inquiry

Department of Industry officials were yesterday studying union claims that Temeco, an American energy group, had broken assurances given over relationships with its wholly owned British subsidiary, Albright & Wilson. The status of these assurances to the last Government was also being investigated. Another hot potato, pave 19

Shell project at Ghent

Shell is to build a catalyst manufacturing complex at Ghent in Belgium at a cost of more than £3m. Part of its output will be used at the new Shell higher olefins process (SHOP) plant at Stanlow.

Small attendance

Only about 250 of the original 940 redundant workers at the Meccano toyplant on the Edge Hill industrial estate at Liverpool turned up for a mass meeting yesterday. Airfix Industries say 500 employees have already agreed to accept redundancy and severance pay offers.

Skye radio opened

Yesterday the post office opened its newest VHF radio station based on the Isle of Skye. The station, created to improve ship to shore communication, brings to 23 the total of such maritime stations, 14 of which are remotely controlled around the United Kingdom coastline.

NEB is freed from £100m target of assets sales this year

By Peter Hill
Industrial Editor

The National Enterprise Board has been released from its requirement to raise £100m from disposal of assets in the current financial year. The target was set by Sir Keith Joseph, Secretary of State for Industry in July last year.

In the House of Lords yesterday, where the Government's Industry Bill is receiving its Second Reading, Viscount Trenchard, Industry Minister said: "There is no longer the same pressing need for the NEB to provide £100m from disposal in the current year."

The decision is seen as reflecting the difficulty of the board achieving the target in view of the uncertainty as to the date when the Industry Bill will be enacted, and is also seen as a victory for the reconstituted board under the chairmanship of Sir Arthur Knight.

So far the NEB has disposed of its 25 per cent interest in the ICL which realized £38m and although never officially confirmed, it was expected that the next disposal would involve the board's shareholdings in Fairway Engineering and Feranti.

It was the clear intention of Sir Keith to secure the disposal target in the current financial year as a contribution to the Government's attempts to reduce the Public Sector Borrowing Requirement.

The effect of the decision will be to release the NEB from the pressure to make a quick sale of identified assets and running the risk of creating a false market for any company which it decided to sell.

In his statement yesterday Viscount Trenchard stressed that the disposal policy had not been abandoned and that there

would be disposals "before too long".

He also stressed that the Government's £1,000m disposal target for public sector interests announced in last year's Budget was well on course and would be realized.

The new Industry Bill and the accompanying guidelines considerably restrict the future activities of the NEB and the Scottish and Welsh development agencies and gives statutory recognition of the cuts already implemented in regional support and assistance.

The Bill places great emphasis on the need to involve the private sector in its activities and the board will be required to involve itself in the development of high technology companies, in a less grandiose fashion.

Viscount Trenchard emphasized the tasks which would be left to the NEB under the terms of the new Bill were "extremely important" and he described the new board under Sir Arthur Knight as "extremely talented".

The previous board under the chairmanship of Sir Leslie Murphy resigned en masse last year after the controversial decision of the Industry Secretary to remove responsibility for the monitoring of Rolls-Royce from the NEB to the Department of Industry.

EL the troubled motor company which also presently under the wing of NEB, made a similar request for transfer to direct control of the Industry Department following the Rolls decision.

So far the Government has not made up its mind and the new NEB board has indicated that it sees no real contribution it can make to the motor group's problems, although the Industry Minister told the Lords yesterday that it was "possible" that a transfer could be made.

Talks aim to avert EEC-American trade clash

From Michael Hornsby
Brussels, Feb 18

Two days of top-level discussions opened here today between the United States and the European Communities, aimed at forestalling a chain reaction of trade restrictions leading to a full-scale protectionist explosion.

While American diplomats here are playing down talk of an imminent EEC-American trade war, as a "sensationalist rubbish", there is enough concern on both sides of the Atlantic to invest Mr Aske's European journey with much more political significance than its official billing as a "familiarization visit".

The talks were given an inauspicious start with the European Commission's announcement today that it had granted permission to the United States to impose a 10 per cent tariff on imports of low cost polyester filament yarn

and nylon carpet yarn from the United States.

Director General for External Affairs, also told a press conference that the Commission had been informed by the Italian government of its intention to impose similar limits on three kinds of synthetic fibre imports from the United States. Questioned about the American reaction so far to the EEC measures, Sir Roy said that the United States had been kept fully informed and the general tone of relations had remained "close and friendly".

He went on: "We both recognize that we are in the business of damage limitation and that if we go too far down this road (of textile protectionism) you can provoke a brush fire of other actions."

EEC synthetic fibres producers claim that their American competitors benefit from a hidden subsidy in the form of cheaper petrochemical feedstocks as a result of

American oil and gas price controls. This, it is said, gives the Americans an unfair price advantage.

The United States industry and the government retort that only a tiny fraction of American fibres depend on raw materials covered by price controls. The real advantage, they say, derives from the decline of the dollar against the pound and other EEC currencies and the greater productivity of American companies.

The fear in Brussels is that restrictions on textiles could provoke a spate of anti-dumping suits by American steel producers. Many European steel manufacturers, including notably the British Steel Corporation, could be vulnerable to such action.

It is estimated here that anti-dumping actions could cut the EEC's steel sales to the United States by about half in 1980 at a cost to the European industry of some £1,000m.

Industry 'partly to blame for failures'

By R. W. Shakespeare,
Northern Industrial Correspondent

The Economic Development Committee for the Cotton and Allied Textile Industry, in its first report since its formation less than a year ago has laid part of the blame on the industry's own failures.

It says it has been slow to respond to changes in fashion, and that its productivity record compares unfavourably with other European countries, and the United States. The textile industry had its worst ever year in 1979.

At a news conference in Manchester yesterday Mr William Barnes, the Little Needy chairman, and a former director of Carrington-Vivella, said that at the present rate of decline, the spinning and weaving sections of the industry were on a "disappearing path". It was vital that some effective system of limiting imports should continue.

In the short term a further decline is forecast by Mr Barnes and his colleagues, but they believe the industry can emerge from the present crisis to develop new markets, provide stable employment (though for a further reduced labour force), and create confidence for investment.

The committee makes five major recommendations to both the Government and the industry. They are:

Assure that the Multi Fibre Agreement is renewed from 1982 on terms at least as stringent as the current arrangements; safeguards during the transitional period of accession to the EEC, of Greece, Portugal and Spain; try to regain a greater share of its home market and to achieve export growth; urgent action to check the growth of United States imports; and an awareness of all the implications of micro-processor technology.

The committee has set itself the task of undertaking a major study of the industry's productivity. It will also be looking at design issues, and marketing abilities.

Textile curbs 'totally inadequate'

By John Huxley

Industry reacted angrily yesterday when the Government gave details of the European Commission's measures to curb imports of synthetic textiles.

Mr John Nott, Secretary of State for Trade, confessed to the Commons that he was not completely happy with the package, but added: "We have to acknowledge the overriding Commission not to provoke a sudden surge of protectionism. On balance, therefore, I think the outcome is a satisfactory one."

The measures would give some protection for the man-made fibres industry but they should not provoke either retaliation from trading partners nor cause hardship for the "downstream" users and sellers of imported fibres.

But the British Textiles Confederation described the measures as "totally inadequate". The 39,000-strong Textile Workers' Union said the quotas were still too high and placed jobs at risk.

The Retail Consortium, which opposed the introduction of quotas, complained of lack of consultation. As feared within the industry, the Commission has rejected



Britain's application to impose quotas on man-made fibre tufted carpets, but recognized that action would be needed if present import trends continued and threatened serious harm to the British industry.

The Commission agreed to a quota on polyester filament yarn for 1980 of 9,053 tonnes. In the final quarter of 1979, imports were running at an annual rate of 15,600 tonnes and import penetration had jumped to 26.7 per cent.

In the case of nylon carpet yarn the quota will be 7,500 tonnes, against an annual rate of 9,150 tonnes in the final quarter of last year. It is understood that this limit is slightly lower than that sought by Britain in its application under Article 19 of GATT which permits restrictions where imports harm local industry.

A growing flood of imports from the United States has been blamed as the immediate cause of a series of plant closures and several thousand redundancies in the British textiles industry in recent months.

Last night Mr Leonard Regan, president of the British Textile Confederation, said the Commission's response was totally inadequate to deal with a critical situation. "The Community action will do little to help the hard-pressed man-made fibres industry, and nothing to ease the growing damage caused to the tufted carpet industry."

Mr Jack Brown, general secretary of the Textile Workers' Union, said that the quotas did not go far enough. He called for similar controls—not yet sought by the Government—on imports of polyester cotton, woven fabric and man-made fibre woven fabric.

Meanwhile, large producers of man-made fibres were studying details of the quotas, which will be reviewed at the end of this year.

Imperial Chemical Industries has already set in motion measures to slim down its fibres operations, which employ about 10,000. This rationalization is unlikely to be greatly affected by the measures announced yesterday.

Sir Roy Denman, the EEC Director-General of External Affairs, explained why limits on tufted carpets had been rejected. While imports rose last year, those from the United States had grown only from 1.4 per cent to 4.8 per cent and the import price of the American product was higher than those of imports from most Community member countries.

New round of petrol price rises

Continued from page 1

help to hold down retail prices in the new pound.

Shell is putting up its wholesale prices by 3.5p a gallon for all grades of petrol. If the whole of the increase is passed on, this is expected to add an additional 4p at retail level. Esso is raising its wholesale rates for all grades of petrol by 2.6p a gallon, which is expected to add 3p to the pump price.

In common with other United Kingdom petrol producers, Shell and Esso obtain at least half their crude oil supplies from the North Sea and by far the biggest trader is BNO.

However, the Government is anxious not to be seen in the forefront of the increases, and its guidance to BNO is that it should follow rather than lead the price spiral. North Sea prices in turn are pegged to comparable grade crude oil produced by the North African countries in the belief that, if significantly less was charged, it would attract speculative spot trading and force the end price up in any case.

Petrol producers have also been directly affected by the steep rise in oil prices which followed the failure of the Organization of Petroleum Exporting Countries' ministerial meeting in Caracas to achieve a unitary pricing structure. A whirlwind of increases, many of which were backdated, followed the December meeting. The most modest of these increases, by Saudi Arabia, raised prices in two steps by over 44 per cent since the end of the year to \$26 a barrel from \$18.

The oil market is so finely tuned that even minor adjustments in supplies can have a severe impact on prices.

Dunbee shares suspended amid speculation of cash problems

By Alison Mitchell

The shares of troubled toy group Dunbee-Comber-Marx were suspended at 22p on the stock market yesterday as speculation grew that the American side has serious financial problems.

Negotiations with the New York-based Leisure Dynamics to sell Dunbee's Aurora subsidiary were broken off a few days ago and the deal with Empire of Carolina, involving the Marx offshoot, is thought to be in jeopardy.

Neither Dunbee nor its merchant bankers, Charterhouse, Japhet would give any indication as to the reason for the shares' suspension, but an announcement is promised today.

The American side has been suspended for some time but market men now fear that Dunbee will be unable to isolate this side of the

business from the rest of the group.

Dunbee's American creditors have filed a petition under Chapter 11 of the Federal Bankruptcy Act. This puts a moratorium on collecting debts and allows the company to continue to trade.

Mr A. Marston, head of Leisure Dynamics, admitted yesterday that the talks were unlikely to be restarted with Dunbee as the Aurora side was "just not worth taking over".

"Fixing a price for the assets was not a major problem. The negotiations broke down because we couldn't work a deal before the United States toy fair," he said.

Dunbee's net debt in America is thought to amount to around \$10m (£4.3m). Figures released last November show that the Marx subsidiary has liabilities of \$110m against assets of \$98m.

However, if Dunbee finds it difficult to sell the companies

the assets will have to be written down and there are fears that the group's bankers will not agree to any further flow of funds.

Although the 1979 figures have not yet been released Dunbee's 1978 borrowings amounted to £30m at the year end, but are thought to have peaked mid-year—when stocks are at their highest—at around £50m.

A measure of the balance sheet problems comes from the news, last month, that the DIY and industrial side is to be sold. This could raise something in the region of £6-£7m, which compares with a market capitalization for the whole group of just over £5m.

The only bright spot on Dunbee's horizon is news that sales of the Pedigree toys did very well at the London and Nürnberg toy fairs. However, the group will need to borrow heavily to build up stocks of these goods.

Gulf & Western offshoot in takeover move

Gulf & Western Corporation's offshoot, Associates Corp of North America has expressed interest in acquiring control of Australian Finance & Securities, although no formal bid has been made.

Associates Corp is willing to pay \$120 for each of the eight million AFS ordinary 50 cent fully-paid shares, and 95 cents

for each of the two million 50 cent ordinaries.

AFS shares closed at 75 cents on Friday for fully-paid units, and at 37 cents for partly-paid scrip but were untraded on Monday.

Australia's Foreign Investment Review Board recently indicated that it is unwilling to allow any increase in the cur-

rent 57 per cent foreign ownership of AFS.

The IPC spokesman said that the bank, acting on behalf of Associates Corp, is preparing a submission to the FIRB on its intentions for AFS.

The IPC spokesman said that the course of any future action by Associates Corp will be determined by the FIRB's reaction to its submission.

Big business queues up for privilege of 'employing' an MP for a month

Putting politicians at sharp end of industry

Cadbury, Schweppes, BOC, Marks & Spencer, and K&N, among others, are lining up to join the big names in British industry.

No, not the CBI, it's the Industry and Parliament Trust, a little-known group which has been beavering away quietly these past three years trying to give politicians some idea of what makes industry tick.

You can tune into the radio almost any day of the week and hear MPs holding forth upon the parlous state of British industry. Yet very few of them, and in proportionate terms even fewer of Her Majesty's Government, have any real experience.

The House has barristers, solicitors, accountants, lecturers and journalists aplenty. But what it lacks are many men who have spent any length of time at the sharp end of industry.

Inevitably perhaps, the Trust—which charges subscriber companies £3,500 a year—has attracted the sort of companies which are known "joiners" and doers of good works. Equally inevitable is the fact

that, of the 22 sponsor companies (including number one nationalised industries), more than a few are financial supporters of the Conservative Party or what might loosely be termed the "free enterprise" lobby—organisations like British United Industrialists, Aims for Freedom and Enterprise, and the Centre for Policy Studies, which was, in effect, Sir Keith Joseph's personal "think tank", until his elevation to the Government. Companies such as United Biscuits, Scottish and Newcastle Breweries and others have been staunch financial supporters of such causes.

But such overt political ties do not seem to have scared off Labour MPs. Present alumni of the Trust's scheme, under which MPs spend 25 days studying the company to which they are attached, include few on the far left, but a number who might reasonably be described as left of centre.

Mr Bruce George, Labour MP for Walsall, was aware of the distrust and scepticism. "I could see why people on the left felt it was a bit of a con, but in my experience it didn't turn out that way," said Mr

George, whose pre-Parliamentary career was largely in the academic world. "Although I was left of centre, I had no question about going in," Cadbury Schweppes had been very open, he added, prepared to show him everything "warts and all".

"Working my way round the company, I got to know a great deal. I saw the strengths and what I saw as weaknesses as well."

Like many MPs who have joined the Trust's scheme, Mr George spent some time doing "hard graft"—in his case doing the rounds with a delivery man.

Mr Hugh Rossi (Conservative, Hastings) spent a day with the BOC foray driver delivering gas cylinders, and Miss Janet Fookes (Conservative, Plymouth Drake) served behind the counter at Marks & Spencer.

Mr Alan Eden-Green, general secretary of the Trust, while not dissuading MPs from rolling up their sleeves, sees this as only a minor part of the scheme. "It isn't necessarily going to help them to do actual work," he said. "They're there to learn about industry, how decisions are arrived at."

The Trust has attracted a wide range of MPs. The roll of fellows past and present includes such names as Mr Arthur Bottomley, Mrs Peggy Fenner, Mr Alex Lyon, Dr Gerard Vaughan, Mr Renée Short and Mr Tom McNally.

But it does seem to suffer from two shortcomings—although it is open to both Houses, no peers have yet been attached to sponsor companies; there is at present only one small company in membership.

Mr Eden-Green hopes, however, that a new, low subscription for small companies will draw more in.

The scheme does seem to be teaching MPs about industry—more than 40 are currently "on attachment"—but it begs the question: who will teach industrialists about politics?

Mr George, who describes his period with the Trust as "an incredible experience" wants to see some traffic going the other way. "I would like to see far more interchange and preferably the other way round too. I would be delighted to have someone seconded to me from a company, to work for me."

Malcolm Brown

Fiat counter move on Alfa-Nissan plans

From John Earle
Rome, Feb 18

Fiat today put to Alfa-Romeo a scheme to counter the proposed agreement between the Alfa and Nissan to manufacture jointly about 50,000 medium size cars a year.

Fiat, which fears the Alfa-Nissan deal under negotiation will give the Japanese a dangerous bridgehead into Europe, advanced its counter proposals at a two-hour meeting here between Signor Umberto Agnelli, deputy chairman and managing director, Signor Giorgio Massaroni, chairman of Alfa-Romeo, and Signor Franco Vizzoli, chairman of Finmeccanica, Alfa's parent holding company in the parasitical IRI group.

No statement was issued, but Alfa-Romeo and Finmeccanica were reported to have undertaken to study the Fiat offer and to make known their reactions at a second meeting to be fixed.

Fiat is understood to offer to take for several years 40,000 to 50,000 engines to be responsible for the rest. A number of points are, however, reported to be still unresolved.

as to collaborate in the construction of new plant in the south and in research and development studies.

The disadvantage for Alfa-Romeo is that the provision of engines for Fiat would apparently last only for several years pending development of Fiat's own engine, while the agreement with Nissan would be lasting.

Some Alfa officials feel that an agreement with Fiat should not necessarily rule out collaboration with Nissan, but could be additional to it.

Alfa-Romeo, which makes about 200,000 cars a year, requires a partner to help it out of its financial difficulties, even though expected losses of nearly 100 billion lire (£55m) for 1979 will be the lowest for three years.

The agreement shaping up with Nissan is reported to contemplate Alfa manufacturing in the south of Italy the engine and transmission shaft of a car in the 1300-1500cc range, while the Japanese would be responsible for the rest. A number of points are, however, reported to be still unresolved.

Questions over 2m stake

A row seems certain over the Welsh Development Agency's biggest investment, its £2m stake in P. Leimer and Sons of Treforest, Glamorgan.

Mr Nicholas Edwards, the Welsh Secretary, answering MPs in the Commons yesterday, said that the money was fully absorbed in meeting the company's losses. But the Agency has repeatedly maintained the money was put in to "strengthen the capital base and provide funds for further expenditure on plant and machinery".

Leimer directors also spoke out yesterday, accusing the Agency of forcing them to call in the Receiver at "an insane moment". They say they were given a six hours ultimatum to agree to repayment of £500,000 owed for services.

Mr Jack Loveland, Leimer's chief executive, said that the Agency's move "in the business sense were nonsense". He disclosed that a fortnight ago he approached both the Agency and Barclays Bank with a three-point reconstruction programme.

He and three fellow directors were so confident about the plan that they were seeking merchant bank backing to buy part of the company from the Receiver.

THE CHARTER TRUST & AGENCY LIMITED

Managers: KLEINWORT, BENSON LIMITED
Extracts from the Report and Accounts for the year ended 30th November 1979

	1979	1978
GROSS REVENUE	£2,450,588	£2,018,086
NET REVENUE AVAILABLE FOR		
ORDINARY STOCK	£1,361,733	£1,009,919
EARNED FOR ORDINARY STOCK (Net)	3.36p	2.53p
DIVIDENDS ON ORDINARY STOCK (Net)	3.16p	2.45p
INVESTMENTS—Valued at 30th November		
Total value including net current assets	£31,284,653	£32,283,820
ATTRIBUTABLE TO ORDINARY STOCK	£29,214,120	£29,751,120
NET ASSET VALUE per unit of 25p	72.6p	74.4p

* Includes a special non-recurring dividend of 0.306p.

Annual General Meeting—20 Fenchurch Street, London EC3P 3DB
Thursday 13th March 1980 at 2.30 p.m.

PRICE CHANGES

Rises			
Atlantic Assets	7p to 172p	Blackwood Mt	2p to 20p
Burlon Grp	5p to 112p	Booker McCon	10p to 273p
Grand Met	2p to 138p	Butterfield Harvey	3p to 49p
Guthrie Corp	15p to 328p	Hamersley	5p to 219p
		Hampton Gold	15p to 215p



Italian ship sets record pipe depth

Castoro Sei, the specialised vessel engaged on laying the Transmed pipeline across the Sicilian Channel, has established a record by laying pipe at a water depth of 603 metres.

A Rome communiqué of ENI, parent company of Sestem, which owns the vessel, points out that the previous record in the world was 330 metres.

Heathrow talks fail

Air Zimbabwe Rhodesia will use Gatwick airport when it begins its direct flight to London on April 2, although it had hoped to use Heathrow and a party of officials headed by company chairman, Mr Brian Strimmer, flew to London last week for talks with the British Aviation Authorities.

Iran oil for Sweden

Iran's oil ministry said the National Iranian Oil Co has signed contracts with two Swedish companies said to be OK and Swedish Petroleum, to supply a total of 20,000 barrels a day, 5,000 more than last year.

Minister sets limits

A Tehran radio broadcast has quoted Mr Ali Akbar Moinefar, the Iranian oil minister, as saying that "our oil production has dropped by over 50 per cent, but our oil revenue is higher" than during the Shah's rule. "In 1980, we do not intend to increase production to more than 3.5 million barrels per day".

French oil statistics

France imported 125,976,022 tons of crude oil last year, an increase of 8.9 per cent on the 1978 total, according to figures published by the Comité Professionnel du Pétrole, an oil industry body. Of the 1979 figure, \$390,366 tons were processed and reexported—131.3 per cent more than in 1978.

Japan's utilities hit

Japanese consumers are facing unprecedented rises in public utility fares, such as by more than 50 per cent on electricity and city gas and 25 per cent on public transport, possibly from April. Main cause is high oil prices.

Atom projects stopped

Mr Sadegh Ghorbadeh, Iran's minister said in Paris during the weekend that his country's decision to withdraw from the European uranium enrichment project was "irrevocable". Iran will stop construction of nuclear power plants, two of which had been ordered from France's Societe Framatome.

Spare parts threat

Workers in Iran's oil industry have said that production will be brought to a halt if vital spare parts are not provided quickly, the Kayhan newspaper reported, in Tehran post this warning in a message to President Abolhassan Bani-Sadr.

Dutch wage controls

The Dutch government has introduced a Bill to enable it, if necessary, to control wages and terms of employment for all workers. The Bill allows for the current two month wage freeze to last to April 12, of unions and employers do not agree on 1980 employment terms.

IEA crude imports

Crude oil imports by the 20 member countries of the International Energy Agency increased by 1 per cent last year to 1,116 million tons of oil equivalent from 1,105 in 1978, provisional estimates issued in Paris show. The figures exclude bunkers.

Higher precious metal prices mean the industry must pass on costs

Gold rush bad news for electronics

Demand for gold and other precious metals, caused largely by speculative buying in a movement away from currencies, has had a damaging effect where the metals are used in production processes, such as in the electronics industry.

Gold, silver, palladium, platinum, rhodium and ruthenium have all been affected by heavy buying in metals since August. As a result, electronic component manufacturing industries throughout the world have had to reprice their production costs almost on a daily basis.

The precious metals are used for a variety of purposes in connectors, relay switches and in the assembly of micro-circuitry. Gold and silver are particularly useful as their inert characteristics which prevent them from oxidising or "rusting" make them the ideal protective coating.

If a film of oxide formed, it would be virtually impossible to solder metal properly to conduct current or to make proper electrical contact. Gold is a good protective. The silicon chip also relies on gold for mounting the chip on to circuit boards and to interconnect parts of microcircuitry.

But every area of the electronics industry from manufacturer to supplier has, since the "gold rush", to monitor in detail the daily prices of precious metals

and their consumption of them. Between August and January, gold more than doubled in price to over £350 an ounce, while silver was rising at 20 per cent per month.

Manufacturers such as Plessey are now paying £2m per year, more than twice the price of a year ago, for the small amounts of gold needed to coat its connectors. Owens of Northampton, which is responsible for some of that plating, is having to allocate £200,000 a month to buy gold.

For Owens, the situation is aggravated by an additional cost of 10 per cent to convert 24-carat gold into gold potassium cyanide powder needed for its processes. As a result of these financial pressures Plessey is charging its clients separately, with the exception of those with fixed price contracts, for the actual value of the gold used. The unit price of every electronic component that has gold or any other precious metal as a necessary ingredient includes a flexible surcharge, calculated in pounds to five decimal places based on the gold price averaged over the month.

Consequently, companies in this market are restricted in the amount of credit which they can afford to give their customers, and the smaller ones are considering a further surcharge for non-

payment after the accepted 30-day period. Owens has also seen the price of precious metals affect production. In normal operation, whether it be silver or gold plating, the devices to be coated are placed in a salt solution of the precious metal—formed with potassium cyanide. An electrically charged plate, the anode, causes the gold or silver potassium cyanide to chemically change and deposit the precious metal on the units to be plated.

In the gold process, that anode is plated with titanium, but in silver plating, the anode is solid silver. Its inflated value has necessitated keeping the plates in a strong room overnight.

The higher price of precious metals is bound to be reflected in the cost of electronic components. Meanwhile companies are looking at new methods of production. However, the gold "chip strands" will remain an essential element of microcircuit fabrication in the foreseeable future. The price of precious metals has had wide-ranging effects within the electronics industry. Already, deals are being conducted on the basis of the cost of the precious metal surcharge. For the first time, both buyers and manufacturers are asking whether so much precious metal is needed.

Bill Johnstone

OCR system to aid Braille output

The computer-based Braille publishing operations of the Royal National Institute for the Blind are being further automated with the addition of an advanced optical character-recognition system to provide text input.

An order for the new system was placed yesterday on the opening day of the four-day Information Management Exhibition and Conference (IMEC) at Wembley. It is for an £80,000 data entry machine developed by Kurzweil Computer Products of Cambridge, Massachusetts, and marketed in the United Kingdom by Turnkey Software of Chalfont St Giles.

Turnkey Software also markets the Kurzweil reading machine for the blind, introduced into the United Kingdom last year, which scans and recognizes printed text and con-

Technology News

verts it to artificially "spoken" words. Techniques developed to enable the reading machine to recognize a variety of different type fonts and sizes were applied in the mini-computer-controlled data-entry machine.

In the initial "training" phase, the machine scans a page of text character by character, with a keyboard operator verifying and/or correcting the identification via a video screen. When the machine has thus in effect learned to read that particular typeface, it continues automatically, converting the printed text into computer-compatible code.

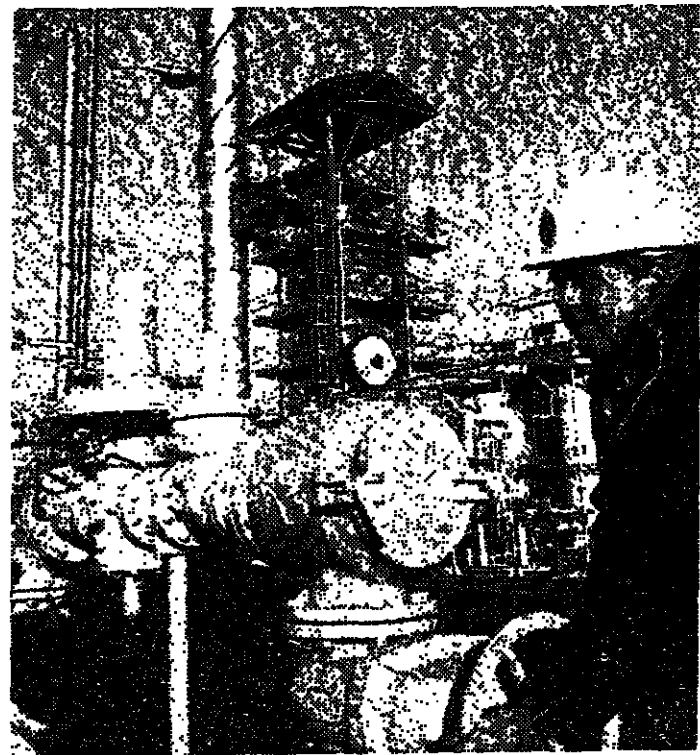
For the RNI, the output of the Kurzweil machine will be fed into the Institute's Braille publishing unit at Braille House, Goswell Road, London. Based on a GEC 4070 computer, this is believed to be the world's leading centre for the computerized production of all kinds of Braille.

Kurzweil also offers a complete print-to-Braille system which brings together the data entry machine, a Duxbury Braille translator, and a Braille embosser.

Change of role

A change of role for two Department of Industry establishments—the National Engineering Laboratory at East Kilbride and the Computer Aided Design Centre at Cambridge—is likely following the recent report on computer-aided design and manufacture by the Government's Advisory Council for Applied Research and Development.

A new Institute for Computer Aided Engineering should be set up, the advisory group recommended, through a merger of the NEL advisory and bureau services and the CAD Centre work on software development. The Department of Industry, now considering this proposal, is likely to concur. The new body would have a single director responsible to a board of management whose



The control valve being operated on the new burner test rig.

non-executive chairman—and at least half its non-executive members—would be drawn from industry. It would have a triple role:

- 1—evaluate available systems for computer-aided design and manufacture;
- 2—provide advice on the economics and technical suitability of systems; and
- 3—support government departments with advice such as investment in research and development, education and training, and standards.

Both the NEL and the CAD Centre are "wrongly located, far removed from the main areas of industry that they serve", the advisory group comments. "It is clear that the inconvenience of getting to either Cambridge or East Kilbride is one deterrent to firms from making proper use of the expertise available".

New test rig

British Petroleum plans to reduce its fuel consumption by 25 per cent by 1985. Largest single item is the gas and oil burned in furnaces to provide heat for refinery and chemical factory processes; a new £1m test rig at the BP research centre at Sunbury-on-Thames, Middlesex, should enable the efficiency of furnace burners to be improved.

According to the company, Sunbury's new burner test rig is the most advanced of its type in Europe. It will be used to study the firing efficiency of burners, their adaptability to changes of fuel and the nature of their pollution emissions. The 70ft high rig simulates a

full-size, single-burner section of a refinery or chemical factory furnace. Many types of fuel can be tested—including heavy fuel oils, gas oil, butane, natural gas, and less conventional fuels—so reproducing the requirements of an operational plant.

Built for BP by GKN Birwells, the rig will enable the most efficient combinations of burner design and combustion conditions to be determined. It will also be used for research into safety, reliability and pollution.

Turbine contracts

NASA, the United States National Aeronautics and Space Administration, has selected Boeing and General Electric as contractors for the design, construction and installation of test multimegawatt wind turbine systems. The contract could be worth \$20m (£8.7m).

These experimental wind turbines are part of the United States Department of Energy's programme to develop wind energy systems as a supplement to the country's more conventional resources.

The turbines are effectively modern windmills generating electricity which on a modest scale, between 2 and 40 kW, will be used by individual rural homes or farms with no easy access to national energy networks.

The wind turbines, scheduled to be built in late 1983, will be able to generate 4 megawatts from their 300ft rotating blades and be capable of handling annual mean wind speeds of 14 miles per hour.

Kenneth Owen and Bill Johnstone

Call to give transport first claim on fuel oil

By Edward Townsend

The Road Haulage Association has called on the Government to formulate a new policy towards the use of fuel oil and to consider reducing or abandoning its use for non-transport purposes.

Mr John Silberman, chairman of the association, said last night: "We are living in critical times in terms of the world's resources, and I am pursuing a policy of drawing attention to the fact that most consumers of oil-based fuel have some alternative energy source available—admittedly at some cost of conversion and possibly some inconvenience too."

However, it remains true that one can heat buildings, run power stations, generate power for industrial and other purposes from local gas or solar or nuclear fuel.

Conversely, he said, there had been no breakthrough in finding a practical substitute for oil fuel for transport. "This means that the car, the motorbike, the lorry, the bus, the aeroplane, the ship and the aircraft engine either wholly or largely need oil to keep going."

Mr Silberman, speaking at a Road Haulage Association dinner in South Wales, said that if all oil consumption for non-transport purposes ceased, the industrialized world would have adequate oil in the known present reserves to last more than 150 years.

If serious consideration were not given to that possibility, there would be a severe oil crisis before the end of the century. This would lead to world economic crisis that would be disastrous for many.

The only sensible way forward was to call for all transport users to agree to form "a most powerful lobby to impress upon government and to influence society, to realize the disaster that is only a little way ahead and the quite palatable alternative that is on offer."

There was no conflict on this issue between rival transport groups, said Mr Silberman and he urged all in the transport grounds of opinion which will become irrevocable.

He added: "If we fail in this, there will be little left when the crisis comes and, without transport known civilized life disappears."

50,000m lire loan

Oliveri EC SPA said in Ivrea, Italy, it has obtained a 50,000m lire (about £28m) five-year standby credit from a group of Italian and foreign banks organized by the Milan-based financial firm Compagnia Privata Di Finanza E Investimenti.

The cost of importing United Kingdom's wood requirements could double if all wood-based products were replaced by sawlogs and pulpwood. The centre said that Britain was vulnerable to shortages because its imports accounted for 11 per cent of world trade in forest products.

Although Britain was one of the most efficient users in Europe of recycled waste paper, there was scope for raising timber yields in forests here. The centre also believed that large supplies of coal would mean that there would be little interest in this country in developing wood-based fuels as a substitute for conventional sources of energy.

The report was welcomed by the Timber Growers' Organisation. Mr Michael Barley, its president, said: "The opportunity to counter the shortage forecast for the year 2000 has already been missed. Immediate action is needed to lessen the deficit which is certain to grow in the century progress."

Source: The UK Forest Strategy, Centre for Agricultural Strategy, 2 Earley Gate, Reading, Berkshire, RG6 59.

LETTERS TO THE EDITOR

Divided loyalties in the battle over the best buys in Britain

From Mrs M. Lippiard

Sir, Having read the full-page advertisement, "The Battle for Britain" (February 11) I was around checking on possessions. Cars—British 1.8. Reasonably priced, reliable, servicing comparatively cheap. Would definitely buy same again. Maybe one day I'll own a Mini of my own too. Glassware—British, especially cut glass. Some overware 20 years old. A few cheap kitchen tumblers made in France.

Kitchen knives—British. Buy good ones and they stay sharp. The best foreign one we have is used for scraping football boots—so blunt. Toaster—American. Cost of repairing British one equivalent to replacement with cheap import.

Clocks—British. Best time-keepers and longest lasting—over 100 years old. Little foreign ones which don't work properly.

Dishwasher—British. Me—a lot of breakages. Washing machine—British. Reliable, excellent service arrangements.

Saucapans, etc.—British. Complete satisfaction. Cutlery—British. No one can better Sheffield stainless steel. Foreign set for camping/casual knives blunt, spoons bent.

Mixer—British. "Kenwood is King." Cooker—British. Twelve years old. Looks like new.

Fridge/freezer—British. Separate ones as 'fridge 19 years old. Would obviously stay with same make. Portable radios—All foreign.

Two years ago could not buy British (willing to spend £20 for one work off mains). Having studied my list I am quite certain "British is Best". So if manufacturers will please display their Union Jacks proudly and give me the opportunity I will buy British—in my own best interests.

Yours faithfully, MRS M. LIPPIARD, 164 Westbourne Road, Penarth, South Glamorgan.

From Mr P. M. Reeve

Sir, With reference to BL's "Buy British" advertisement, I have been round my kitchen and can report, commencing top left, as follows:

Clock. Foreign movement, British assembled. We wanted the particular design, which was unique. Knives. My wife and I are both good cooks and insist on good equipment. When we married 14 years ago, we were given a set of knives by a top British manufacturer. Despite after care, they were useless after two years. The subsequently purchased Sabatier and Pernot are still going strong.

Glassware. We have a mixture—English cut is the finest in the world, but for uncut we prefer Swedish styling.

Automatic washing machine. At the time we bought, foreign machines were cheaper and better. We have experienced both.

Dishwasher. Two people we know with a British machine ensured that we bought foreign.

Saucapans. We have a mixture—we buy what we need.

Toaster. Our German wedding present toaster was dropped and smashed beyond repair after eight years. On Russell Hobbs British toaster has failed so many times we have given up.

Cooker. West German. Came as part of a complete ex-showroom fitted kitchen we bought, which incidentally, is French.

Fridge/freezer. British (Electrolux), Canadian. Mixers. We use a Magimix. Many European manufacturers have copied this idea, ex Moulinex, Rowenta. Why has no British company?

Radios. Japanese offer better value for money. Cutlery. We prefer Swedish styling.

Cars. As a company we run a fleet of eight cars. An extensive evaluation was done before we bought, in 1977. The BL dealer would not let us borrow a Rover 3500 for a day's trial—Renault, Peugeot, VW, Saab and BMW did! They did not have stock of Minis or Allegros and could give us no idea when they would have. Invited to telephone us when they had—something they never did.

From Mr Andrew Hutchinson

Sir, I am sure that everyone connected with defining the duties and responsibilities of directors will be grateful to Mr Instone for the light which he has cast on this subject both in your issue of February 12, and elsewhere, notably his extremely illuminating article in *The Journal of Business Law* of July, 1979.

I wonder, though, whether he is not over-optimistic when he suggests that Clause 46 of the present Companies Bill will finally put to rest the heresy that the duty of directors to act in the best interests of the company means a duty to act in the interests of the shareholders. Mr Instone has amply demonstrated that this is indeed heresy, but it is by no means clear that the Bill will dispose of it. It may well have the opposite effect.

Sub-clause (1) reads: "The matters to which the directors of a company are to have regard in the performance of their functions shall include the interests of the company's employees in general as well as the interests of its members." This wording, especially the use of the words "as well as", seems to imply that directors are already required to have regard to the interests of the company's employees and members in general? If the Department of Trade does

believe that directors already have this duty it can only be because it believes that "the company" and "the company's members" are the same.

Sub-clause (2) reads: "Accordingly, the duties imposed by sub-section (1) above on the directors of a company are owed by them to the company (and the company alone) and is enforceable in the same way as any other fiduciary duty owed to a company by its directors."

It is difficult to find any reason for introducing this sub-clause with the word "Accordingly" unless the "members" in sub-clause (1) are the same as the "company" in sub-clause (2) to which the directors owe the fiduciary duty.

It does not therefore seem to me that Clause 46 is at present drafted clearly enough to put this question beyond doubt, and it certainly should be, if as has been demonstrated seems possible, it were to be construed as equating "company" and "members" the consequences for company law are profound. The corporation and the corporations would be by statute no longer separate. If this is so in relation to directors' duties, why not in relation to an aggrieved creditor in a liquidation. What price limited liability then?

Yours faithfully, ANDREW HUTCHINSON, Principal Research Executive, Institute of Directors, 116 Pall Mall, London, SW1Y 5ED.

Our British (Creda) tumble dryer is superb. Being positive, British industry needs to produce goods that are well styled, are good value for money, and where appropriate, good after-sales service and maintenance are given. Regrettably, this is not generally true.

Yours faithfully, P. M. REEVE, Managing Director, TOLTEC Data Ltd, 24 Thompson's Lane, Cambridge CB5 8AQ.

From the Rev Brian Preist

Sir, I was interested in the percentages of imported goods which were shown in the BL advertisement. (February 11). I feel, however, that I must point out that it is not always the consumer's fault that they do not buy British.

Two years ago I wanted to buy a portable radio capable of receiving short-wave transmissions. These are more expensive than the smaller sets and within the price range I could afford there were three: one with a British name was made in Korea; a second with an American name was made in Hongkong; and a third with a German name was made in Portugal.

I bought the one made in Europe. Yours faithfully, BRIAN PREIST, All Saints' Centre, Church House, Grange Road, Middlesbrough, TS1 2LR. February 11.

From the Rev Dr Tom Ambrose

Sir, Surely from Society of Motor Manufacturers and Traders' figures, one in four new cars are now British built, whereas 40 per cent are British labelled. Also many British labelled kitchen appliances (in the BL advertisement, February 11) are actually of foreign manufacture. (I am sure we still a tradition, but do we produce the goods?)

Yours faithfully, T. AMBROSE, 5 Spelvit Lane, Morphett NE61 2QU. February 12.

Directors' duties; Bill not drafted clearly enough

From Mr Andrew Hutchinson

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Making sure to insure for replacement

From Dr Robert Bowles

Sir, My house was virtually totally destroyed by fire last September, and never again will I ever replace the insurance premiums for replacement value.

Unless such a catastrophe happens to you, you will have no idea of the relief in finding yourself adequately insured. To some extent I was lucky, for if the damage had been less severe, then the repairs would have been subject to VAT at 15 per cent and how many householders have contemplated paying a tax, of some £7,000, to the Government out of their insurance money? Since I have to build anew I shall not have to meet this levy.

Not only do the insurers have to meet the cost of rebuilding your house, but it must also conform to the latest building regulations, which can increase the cost by many thousands of pounds. If I had been under insured, the insurance company would only have met a small proportion of my temporary living costs.

I see in your columns today that cement has increased by 24 per cent, and wholesale costs are up by some 21 per cent. So my advice to your readers is to make sure that they are adequately covered.

Yours faithfully, ROBERT BOWLES, Upper Knappes, Shire Lane, Lyme Regis, Dorset.

Complex challenge of design

From the Director of The Design Council

Sir, The letters from Mr Treadwell (February 8) and Mr Freeman (February 14) raise issues of fundamental importance to Britain's present industrial ills. That our declining share in world trade can be attributed in part to our lack of competitiveness in design is now widely recognized, and has been examined in detail by several recent reports, notably those by Sir Kenneth Corfield and Sir Mervyn Kingston.

And while it is true that everything made must first be designed, there is a danger in over-simplification because of the wide spectrum of activities which is embraced by the term "design". The newspaper in which this letter is printed is a product and it has been consciously designed, in a visual sense; and the machinery which produces it has also been consciously designed, but in a different sense. However, the two kinds of designer (graphic and engineering), involved in producing the letter would probably not recognize each other as being designers at all, quite apart from the fact that other designers with equally diverse specializations will also have been involved.

I believe, therefore, that it is becoming increasingly necessary to recognize the sheer size and complexity of the design challenge which faces the country in general and the Design Council in particular, charged as it is with the task of improving design in British industry. Among all the things that need to be done, there are three which the council considers to be of special importance.

First, the growth in technology has outpaced the ability of many companies to keep abreast of new knowledge and new developments whose application could greatly increase the competitiveness of their products. To transfer technology from where it exists to where it is needed is one of the main objectives of the council's design advisory service, and I am glad to say that we have had considerable success in helping a very wide range of manufacturing firms in this way.

Second, we are convinced that there is now a real need to stimulate the development of new products, not only to create new opportunities for employment, but also to provide substitutes for products which are currently available only from abroad. Here, alas, the council has not succeeded in obtaining the necessary funds

to set up a pilot study for a scheme which we had hoped could begin in Wales this year. And third, the council is convinced that if Britain is to survive industrially in the long term there must be a major shift in emphasis in the education of our children towards a curriculum which takes greater account of the industrial society in which they will live. We believe that design has a vital role in new curricula of this kind, not only because design is at the centre of manufacturing industry, but also because its multidisciplinary nature draws together school subjects from both the arts and the sciences and thus underlines their relevance to the real world. We have given much thought to this need during the past couple of years, the outcome of which is a report, by a specially appointed committee, which is now nearing completion and which will be published in May. Its recommendations, if properly implemented, could, we believe, make a major contribution to the future industrial prosperity of this country.

Yours faithfully, KEITH GRANT, Director, The Design Council, 28 Haymarket, London SW1Y 4SU.

Sunday Independent Evening Herald Irish Independent

Fifth year running of record sales, profits and dividends

Independent Newspapers Limited 1979

Turnover	£37m	+21%
Profit	£4m	+25%
Earnings	23p*	+35%
Dividends	10p*	+36%
*per share		
S. Irish S.		

For a copy of the report write to the Secretary, Independent House, Middle Abbey Street, Dublin 1.

Woodland planting call to beat timber shortage

A woodlands improvement and planting programme to meet future timber needs has been urged by the Centre for Agricultural Strategy at Reading University.

Timber prices will rise by 30 per cent in real terms in the next 20 years and will probably double by 2025 AD, according to the centre. Britain imported more than nine-tenths of its timber requirements last year at a cost of £2,700m. It relies on imports more than any other EEC country and the demand is growing.

The centre said that Britain needed to consider wide spread transfer of hill land now used for farming or game. Even if the present forest acreage of two million hectares was doubled the country would remain heavily dependent on imported timber.

Prices were already being pushed up because a growing proportion of imported wood was reaching this country in the form of finished products. In 1969, 51 per cent of the value of British imports of wood

BY THE FINANCIAL EDITOR

Equities soak up the bad news

The equity market is continuing to show remarkable resilience in the face of steadily deteriorating economic trends. The Government's monetary measures are taking far longer than hoped to do the trick and most of other economic indicators are pushing the authorities towards some other policy initiative which the stockmarket as a whole knows full well ought to be resisted if the economy is ever to get on a stable footing.

Last week's wholesale price figures showed that the squeeze on industry's profitability (even before the impact of the steel strike) was getting worse, especially with pay settlements now averaging over 15 per cent. And that was reinforced by last Friday's retail price index pointing to an inflation rate of more than 20 per cent soon while the trade figures and unemployment forecasts make just as depressing reading.

The scope then for an early easing of interest rates or the sort of stimulus needed to push the economy into a virtuous circle is growing less likely for the Budget next month.

For all that, however, investors seem to be holding their nerve and are banking on the likelihood of a cut in interest rates at some point over the next 12 months which will lower the yield gap between equities and gilt-edged stocks to more manageable proportions.

For the moment the high level of dividend yields is still making equities look attractive, although as cuts by Birmid Quilcast and Alcan illustrated last week this depends on the extent of the economic downturn.

The sheer volume of takeover activity is another factor behind the strength of equities as investors on both sides of the Atlantic take a more bullish view of the virtues of tangible assets like shares in times of rapidly rising inflation than they did in say 1974.

There are still dangers in the equity market as stockbrokers James Capel highlight in their latest review of corporate profits where they suggest that the squeeze on the corporate sector could be as serious as in 1974-75 and could lead to a one-fifth drop in profits this year. But the investment psychology still suggests that equities will hold their ground.

Shareholdings

How the private investor stands

Equity holdings of individual investors have, according to estimates produced by stockbrokers Phillips & Drew, declined from almost 59 to around 27 per cent of the total in the 16 years to 1979. The brokers say that the decline neither can nor will continue at a similar rate: and that, indeed, a slowdown is to be expected sooner rather than later, given Government moves (such as the abolition of dividend controls, and the reduction in top rates of tax) that benefit the private investor.

Net sales of equities by private individuals have, over the past 16 years, been largely absorbed by a huge expansion in institutional holdings, which have doubled over

EQUITY HOLDINGS (%)	1963 1973 1975 1978 1979				
	1963	1973	1975	1978	1979
Institutions	25.5	38.3	42.9	50.5	54.0
Persons	58.7	42.0	37.5	30.0	27.0
Charities	2.6	4.4	2.3	2.5	2.0
Financial Companies	2.3	3.3	4.0	4.0	4.0
Industrial and Commercial Companies	4.8	4.3	4.1	4.0	4.0
Government	1.8	2.5	3.5	4.0	4.0
Overseas	4.4	5.2	5.6	5.0	5.0
Value £bn	27.5	40.5	44.8	63.3	68.9

the period. The question now is, if the sales of private individuals dry up, where will institutional money go?

According to the brokers, it is likely to end up chasing a reduced supply of equities, to the benefit of share prices—over the long term. But is this wishful thinking? On the one hand there is the possibility that the cash flow of the institutions themselves will diminish—through, for example, withdrawal of their tax privileges: though, as the brokers point out, the net result of that, in the short term at least, would be a corresponding reduction in the govern-

ment's borrowing requirement, and hence in issues of government stock.

On the other there is the possibility that the surplus cash will be mopped up in additional equity subscriptions. Phillips & Drew hold that a flood of new rights issues is unlikely in the short term, firstly because not much of a price is put on new equity at the moment and second, because companies with a quote already happen to have relatively healthy balance sheets. Whether, given easy money, they will be able to resist the temptation to top them up remains to be seen.

General mining

Taking in Unicorp

General Mining's 42 per cent increase in consolidated pretax profits to £218m makes its offer for the outstanding Union Corporation shares attractive. The offer, which becomes formal next week, is 80 Gen Min shares for every 100 Unicorp. But on Gen Min's latest figures, the precise valuation is 58 for each 100 if measured by earnings per share, 62 on dividends, and 68 on net assets.

Not that Unicorp did badly itself. Profits were up 34 per cent to £138m, so that the contribution to Gen Min's consolidated results of the 51.7 per cent in Unicorp was £71.1m. Although both years were to the end of December, the most recent gold mine dividends received were from the September quarter. So when the income for the last quarter during which the gold price soared comes through in the interim the growth should be spectacular.

Nevertheless, gold still made a major contribution. Gross earnings attributable to Gen Min's shareholders rose 41 per cent to £110m. Of that amount, gold's share was £29.4m, or 26.8 per cent against 22.2 per cent in 1978. But it is also important to remember that Gen Min's biggest earner is still commerce and industry at £31.3m of shareholders' earnings.

Union Corporation, on the other hand, is more purely a mining investment house. But with two new gold and uranium mines—Beisa and Beatrix—under development, Unicorp will need Gen Min's cash flow to meet the projected £650m investment. Gen Min itself is to lay out at least £1,000m on an oil-from-coal plant.

Such expenditure means that South Africa's second biggest mining finance house will continue to grow even if no further acquisitions are made. The process will be assisted by the deal with the Old Mutual by which Gen Min's holding in Lydenburg was swapped for 16 per cent in Siemens (South Africa).

Nottingham Mnf

Against the trend

Nottingham Manufacturing coped with price cuts at its biggest customer Marks & Spencer, rather better than expected last year. So, profits are 9 per cent ahead at £16.8m compared with market ideas of under £16m. But fully four-fifths of the improvement was due to a 54 per cent leap in investment income to £3.2m, and the balance sheet shows cash and investments in gilts up by nearly £8m to £38.2m, representing 55p a share.

The reason is that there was a reduction in working capital requirements; stocks were up by only £700,000 to £20.9m, which means that either M & S increased its off-take significantly or—more likely—that Nottingham was as usual well on top of market conditions.

The shares, which despite Nottingham's special circumstances have not escaped the general textile sector shakeout, took the hint yesterday and rose 6p to 84p. Here, they are selling at seven times fully-taxed earnings and yielding 6 per cent thanks to a promised 38 per cent increase in the net payment.

Only now are investors beginning to see attractions in a bombed out textile sector; Nottingham, with its cash hoard, which is unlikely to be invested elsewhere unless the group can find something to match gilt returns, must be at the forefront of any sector re-rating.

"We are suffering from 'A' level economics"—the judgment, as everyone knows, of "A Conservative MP" in his anonymous warning to his leader in this week's *Observer*—is the sort of punch that hurts.

In the political arena the Government is facing the first critical test of its economic policies. Mrs Thatcher and the small group of ministers about her concerned with economic policy have so dominated the field from the election onwards that there has been no debate within the Government or the wider Conservative Party.

Those few with coherent and different views of economic policy have deemed it wiser until now to keep their counsel to themselves. The great majority have until now been prepared to take it on trust that Sir Keith Joseph, Sir Geoffrey Howe, Mr Biffen and Mr Lawson had found some new formula, called monetarism, which allowed income taxes to be cut and dynamism and prosperity to be restored to the economy, while preserving essential services, increasing expenditure on defence and law and order and squeezing inflation rapidly out of the system.

Why the troops are growing restive

This tacit acceptance of the party line broke in the Cabinet during the series of discussions last month on the expenditure cuts to be announced in March. Last week it broke in the House of Commons. And now the opponents of the policy, whether they understand the way it is supposed to work or not, can dismiss it as "A" level economics.

In the first three months of this year Mrs Thatcher's vision and strategy have come crashing up against the realities of the most depressing medium-term outlook for the British economy in post-war memory. If, as current forecasts quite credibly have it, earnings are rising by 20 per cent a year, output is stagnant or contracting and unemployment next year is going over the 2 million mark, Mrs Thatcher will be a one-term Prime Minister. The troops clearly sense these things and are restive.

As might be expected, policy has changed under this strain. At the time of the last budget in June, when the Bank of England's minimum lending rate was pushed to 14 per cent, or when it was pushed even more dramatically last November to 17 per cent, the order of the day was clear. The only priority

was keeping the money supply under control. Interest rates would be allowed to go to whatever level was required to sell sufficient gilt-edged stock to the institutions to achieve this target.

The first sign that the order was being qualified came with the continuing non-appearance of the authorities' consultative document on new ways of controlling the banking system. The existing "corset" arrangements were disliked by the banks. The way in which they limited competition and distorted free commercial judgment was also offensive to the Government's doctrine of the free market system. Treasury ministers were strongly in favour of some new system of regulating bank lending by working automatically through the money base.

The consultative document has gone off into limbo, for Treasury ministers have had to go back to square one. If such an automatic control system had been in operation in these past weeks, interest rates would have been much higher than now. And it is clear that nothing could be tolerated that pushed interest rates up. Indeed the heaviest, old fashioned, interventionist

pressure has been exerted in recent weeks to stop the clearing banks putting up their base rates again, which they would have liked to do on the basis of commercial considerations alone.

The new order of the day, therefore, is that interest rates are critical and must be got down. It is all rather nostalgic and 1960s-ish.

Meanwhile, the Bank of England has been making liquidity available to the banking system on a scale that is not exactly compatible with a conventional view of a tight monetary policy. The motive is the same desperate anxiety to stop interest rates going up any further.

The Governor is determined not to allow the impression abroad that there has been a change of heart on monetary targets. The present policy on keeping down interest rates, however, is only compatible with the Government's public position on control of the money supply on one basis. That is a gamble that the present upward pressure on interest rates will pass within weeks, rather than months. It is the central gamble round which Sir Geoffrey Howe's second budget is being built.

Another hot potato for Sir Keith

As if Sir Keith Joseph did not have enough on his plate the chemicals industry has served him up another political hot potato.

The Secretary of State for Industry has been asked to intervene in a dispute between managers at Albright & Wilson, Britain's second largest chemicals company, and its American parent, Tenneco. Roger Lyons, national officer of the Association of Scientific, Technical and Managerial Staffs, says that Tenneco has contravened a seven-point agreement with the Government by interfering in A & W's policy on exports. These were agreed in 1978, representing almost 40 per cent of sales.

Mr Lyons says that managers have been told that, in deference to United States regulations, exports of Cuba have been restricted, while it is prohibited with some south-east Asian countries.

The implications are potentially far reaching. At company level Mr Lyons says that the line adopted by Tenneco threat-

company to reorganize for growth in the 1980s has never been underestimated. And no one wishes to try the American patience too sorely.

It was only to be expected, though, that the complete assimilation of a long-established Black Country company (founded in Oldbury in 1892) by a Texan conglomerate would not be achieved without teething problems.

There have been changes of style, which in some cases, Mr Lyons says, have affected the ability of managers to do their jobs properly.

There have been changes in structure. At the end of last year five non-executive directors, including a descendant of the original Albright family, retired from the A & W board. Tenneco, having decided that it wanted only executive directors on the board in the future, did not replace them.

The unions, who have been closely involved in the debate on the company's future, remain suspicious of Tenneco and its intentions. One union leader feared that Tenneco's commitment to the company was largely the "mantle of respectability" conferred on the American company's ambitions in the North Sea. At present Tenneco has a 31.25 per cent share in the Heather Field.

There is no doubt that Albright & Wilson has been put under some pressure. Last September Mr David Livingstone, the managing director since 1972, told his workforce that unless productivity improved and industrial action ended, the company was embarked on a "suicide route".

Profits in the first six months of the year were half those for the same period of 1977. Mr Livingstone blamed strike action by engineers at Whitworth & Co. and the lorry drivers' dispute, high inflation, a strong pound and the beginnings of a world recession in the chemicals industry.

However, in a dialogue with workers conducted through the staff newspaper, he answered accusations that Tenneco was "leading on" A & W.

"I want to state categorically that the standards which Tenneco imposed upon us are much less demanding than the standards which the stockholders would impose upon us were we still a public company."

Tenneco, he said, had in fact been "extremely tolerant of our problems and have never turned down a major capital project which I have put to them, despite the fact that we shall spend a lot more in the next two years than we shall earn in profits."

"They demonstrate a confidence in our abilities far beyond what we have yet proved."

John Huxley

ens Albright & Wilson's trade with East Europe (a new business, A & W Intertrade, was set up last year to exploit this market, especially in France).

Carter insists upon further trade sanctions against the Soviet Union.

At government level it could open a debate over the rights and wrongs of such sanctions and the responsibilities of British subsidiaries of multinational companies.

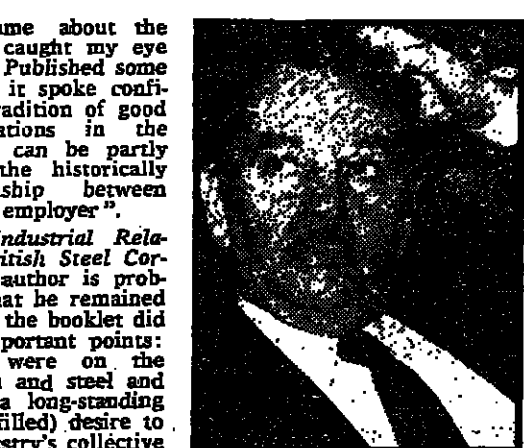
Sir Keith is unlikely to want to become involved, but Mr Lyons believes he has little option in view of the assurances given on trade to the Labour government in the summer of 1978, when Tenneco increased its holding in Albright Wilson from 49.8 per cent to 100 per cent.

The agreement, which forestalled a referendum of the takeover, was drawn up largely to allay union fears that A & W would lose its autonomy and to reassure the workforce that the plant and 10,000 jobs would not be put at the mercy of a strategy dictated from Houston.

In a joint statement with the Department of Industry Tenneco agreed, among other things, to consult with government on export, investment and employment policies, to strengthen A & W where necessary by the infusion of capital, to develop a consultative style of management and pursue "enlightened" industrial relations.

Tenneco's involvement dates from 1971. Its role—with union cooperation—in helping the

The gulf between Mr Scholey and the steelmen



Mr Bob Scholey, BSC chief executive: pay negotiations "bedevilled by retrenchment"

A slim volume about the steel industry caught my eye the other day. Published some five years ago, it spoke confidently of "a tradition of good industrial relations in the industry which can be partly attributed to the historically close relationship between employees and employer."

The title? *Industrial Relations in the British Steel Corporation*. The author is probably grateful that he remained anonymous, but the booklet did disclose two important points: that disputes were on the increase in iron and steel and that BSC had a long-standing (and still unfulfilled) desire to reform the industry's collective bargaining machinery.

"It would be an advantage if the TUC Steel Committee was able to negotiate common wage agreements or a national joint council could be set up," the publication said. This sentiment was ruefully echoed at the weekend talks at Teesside Airport by Mr Bob Scholey, chief executive of British Steel.

He regretted that the striking steelworkers and blastfurnacemen could not sit down with the craft and general workers to negotiate a joint settlement of the industry's seven-week-old national stoppage. But if they cannot agree in the conditions of war, what chance is there of them agreeing when peace returns?

That must be the corporation's fear as they wait for the unions to prepare their version of the draft agreement that was struck with the craftsmen last week, only to fall at the hurdle of rank and file approval. A draft version of the ISTC document is in the possession of the industry's seven-week-old national stoppage. But if they cannot agree in the conditions of war, what chance is there of them agreeing when peace returns?

For example, there are British Steel proposals for future relationships. BSC wants "constructive discussions" this

not concede BSC's demand for an open-ended commitment on non-recruitment and redeployment to take advantage of labour turnover. Nor will they stomach the "flexing" of manning levels where local productivity talks are in progress.

Out, too, goes the corporation's idea that to cope with present financial problems the guaranteed working week may be suspended during 1980 by mutual agreement at plant level. In its place in the ISTC draft is a promise to "discuss the possible advantages of the government's short-time working schemes."

British Steel wants this formula on job flexibility. "The unions commit themselves to a dialogue with management so as to allow the relative position and responsibilities of process and maintenance workers to be clarified, and the means by which a common wage structure could emerge." The words do not appear in the union draft.

Similarly deleted is a request that the unions agree "on an urgent basis" to set up a joint National level working party to examine ways of introducing lump sum bonus schemes and issue notes for guidance. Such schemes should be left to local management and union officials, the unions argue.

The formula on productivity also makes clear that the ISTC regards part of this year's settlement as payable "in consideration to make local agreements"—i.e. as lead-in payments to get negotiations off the ground which will then produce further cash when the increased productivity actually materializes.

In his customary gruff way Mr Scholey opined after the airport talks that "pay negotiations are fairly well bedevilled by retrenchment." As the two sides now get down to a line-by-line argument over the rival merits of each other's blueprint for labour peace and productivity, opportunities for fresh bedevilling offer themselves.

Paul Routledge

Business Diary: Mekhong galore • Beeb over America

Devotees of mekhong, the Thai rice whisky, who have long been of the opinion that this potent distillation could solve the world's energy problems, may not be far off the mark.

Tate & Lyle's Bromley-based Agribusiness subsidiary has just won a \$42m contract to build a new distillery for the Bangkok mekhong firm Sura Maharas.

The company is naturally pleased about this sizable deal which came to it because the second main ingredient of mekhong, after brown rice, is molasses, a product about which the fathers of Mr Cube are highly knowledgeable.

But, more important, this gives them a foothold in the Far East, and the opportunity to search for contracts to produce methanol, the key ingredient of the petrol substitute Easohol.

The technology is similar to mekhong production (and so, some would say, is the result) and there are obvious advantages for a country such as Thailand which has to feed the distilleries, along with an energy problem and a shortage of foreign exchange to pay for oil shipments from outside.

Tate & Lyle has leapt at the Sura Maharas contract as a chance to display its technology in the field and it is involved in technical presentations to the Bangkok Government on the possibility of opening methanol plants.

It is also having similar talks with the Philippines, which has

Sir Michael Edwards, chairman of BL, has strengthened the ailing company's six-man board of directors with the appointment to it of an engineer, Sir Robert Hunt, the 144,000-a-year chairman and chief executive of the Dowty Group.

Sir Robert, who is 61, becomes a non-executive director from today after a personal invitation from Sir Michael. Apparently unimpressed by BL's present problems, Sir Robert said yesterday: "BL is one of the largest employers of industrial labour in the country and therefore of considerable importance to the country's economy. I regard the job as a great challenge."

After joining Dowty in 1935 as an apprentice Sir Robert rose steadily through the company ranks. He held senior positions at Dowty Equipment of Canada in the early 1950s and returned to the United Kingdom in 1959.

Some of London's best kitchens will be a little short of staff this morning, as will be apparent to anyone in Lincoln's Inn Fields at about 11 am. The culinary masters of the Dorchester, the Savoy, the Carlton Tower, Langham's Brasserie and the Athenaeum, among others, will be holding a Shrove Tuesday pancake race there.

The assembled chefs will have to run 100 yards while tossing a pancake three times. I fancy their chances of a clear run rather more than those of the staff of British Transport Hotels who have chosen Victoria Station for their own race as if Southern Region commuters didn't have enough problems.



Sir Robert Hunt.

dom to become deputy chairman in 1959. He took over the chairmanship in 1975 and was knighted last year.

Sir Michael, whose salary in 1978 was £52,500, is known to prefer working with a board of six to eight directors, so the arrival of a seventh is no surprise.

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The popularity of the channel will determine how much the corporation receives. There are, of course, no advertisements between the programmes and the profits come solely from

the subscriptions viewers pay to join the cable circuit. Bearing in mind that a colour television licence in Britain now costs £24, one can only wish the corporation well. American television is notoriously bad by our standards and this should give the Beeb a head start.

People who have written to *The Times* recently to complain about the crab-like movement of luggage trolleys at Heathrow and other airports will be consoled to hear that the British Airports Authority is considering a new design, which will go straight when pushed.

The trouble appears to be that the 15,000 trolleys at the seven BAA airports are loaded down with too much luggage. They warp, either to the right or to the left, and this in turn makes them want to go round in circles.

Businessmen coming off the top-and-a-half-hour non-stop flight from Los Angeles in a shattering condition early in the morning do not find this amusing.

The culprits are not members of the business community, however. These have learnt to travel light.

It is the new waves of cheap passenger liners, who never dare to leave home without carrying enough luggage for three months, who are apparently to blame.

The Royal Bank of Scotland is sponsoring a course devoted to the traditional Scottish fiddle at next month's Edinburgh folk festival. The musical kind of course...

David Hewson

INVESTORS CAPITAL TRUST LIMITED

Annual Report for the year to 30th November 1979

	1979	1978
Valuation of Investments	£70,870,000	£70,883,000
Net Assets per 25p share	98.8p	97.7p
Gross Revenue	£4,589,000	£3,654,500
Dividend (incl. 0.40p special)	2.90p	2.00p

Capital Performance

The movements in the broad equity market indices in the U.K. and U.S.A. over the year were not great. It is, accordingly, thanks to above-average performances in the stocks within our portfolio that we have been able to offset the adverse effect of currency movements and the loss of the premium resulting from the removal of exchange controls during the year. The strength of oil and energy shares was a particular feature of markets world wide in 1979 and we are glad to have had a large commitment in this area.

Revenue

Earnings in the past year rose by 46 per cent. Some of our revenue was non-recurring and consisted of extraordinary payments made by U.K. companies when dividend controls in the U.K. expired. This extra income was paid out to shareholders as a special interim dividend of 0.40p in October, which followed the regular

interim dividend of 1.15p in September. The Directors now recommend a final dividend of 1.35p, which brings the total distribution for the year to 2.90p, an increase of 45 per cent. Shareholders should note that, without the Special Interim, the total regular dividend would have been 2.50p, an increase of 25 per cent. For the year to 30th November, 1980 we expect our income to permit a further increase in our total regular dividend.

Future Prospects

There are many destabilising factors affecting sentiment in stock markets and equity investment in the present climate is not without risks. We think these risks are well recognised and are probably now discounted in some areas. We see growth opportunities at cheap prices in certain sectors and accordingly have been reducing our liquidity since the year end.

Copies of the Report may be obtained from the Secretary

INVESTORS CAPITAL TRUST LIMITED

9 Charlotte Square, Edinburgh EH2 4DY

A member of The Association of Investment Trust Companies

FINANCIAL NEWS AND MARKET REPORTS

ECGD doubles some premiums

By Michael Prest

Increasing insolvencies among British exporters have forced the Export Credits Guarantee Department to double its premiums on certain classes of bank guarantees.

Over the last four years the ECGD, which is a profit-making Government department offering insurance to exporters, has lost £5m on one of its services called the one-bank guarantee facility.

This service is a comprehensive bank guarantee, described as "open-ended" because it is not secured to a particular deal. An exporter can despatch goods under the guarantee several times a year for the single premium, now 50p per £100 of the exporter's agreed borrowing limit.

While the department calls the payment a premium, it prefers to see it as a service charge for offering the guarantee. But with losses from Iran, excluding recoveries, possibly reaching £100m, the department is faced for the first time in its history with just breaking even rather than making a surplus.

About 1,600 of the 12,400 exporters insured by the department each year came under the one-bank guarantee facility. The total value was £2,400m last year. The new 50p rate compares with average insurance premiums proper offered by the department of 30p per £100.

The same increase in premiums will also apply to buyers, judged by the department to be financially associated with the exporter, who have credits for up to two years guaranteed by the department which holds as security a bill or note issued by the exporter against the transaction financed.

Stock markets

Renewed confidence brings back buyers

A generally calmer atmosphere prevailed in the market yesterday, following Friday's sharp setback, with dealers reporting a general absence of selling, despite the gloomy weekend press.

Equities presented a mainly first appearance while gilts steadied after a hesitant start. Indeed, the picture of raging inflation and the prospect of further unemployment, coupled with the threat of a major recession throughout industry, was generally discounted.

After an easy start the absence of any major selling gave the market renewed confidence lifting some prices off the bottom. One or two buyers were reported after lunch, following little evidence of any further deterioration, but interest was mostly confined to second liners or speculative situations.

Gilts had a worried appearance early on, still troubled by last week's balance of payments and inflation figures. Rumours of a further rise in the United States Federal interest rates helped to send most issues easier throughout the list even though Wall St was having a day off in memory of George Washington's birthday.

However, after encountering falls of around 1% in early trading, longs managed to recover in after-hours when some sporadic buying pushed prices up by 1/2 to 3/4 pence.

At the shorter end of the market, falls of about 1% to 1 1/2 pence gave way to rises of about 1/2 pence by some stock shortsellers.

But the generally thin trading conditions were highlighted in the FT Index which closed 0.4 up after being 2.1 down at 10 am.

Three leading jobbers were quoting a four-point spread in ICI yesterday, following a meeting last Wednesday which agreed to widen the difference between the buying and selling price of stocks on which jobbers have been losing money on a gross basis.

One marketman lamented that this was nothing new. Just before decimalization nine

years ago, jobbers met in secret and decided the spread on around 150 leading stocks.

In the event, yesterday ICI was the market's most active stock rising 12p to 389p ahead of next week's figures. Some market gossips are predicting a one-for-two scrip issue along with the report but this has been discounted in some quarters.

Having beaten GEC for control of Decca, Rascal now has an incentive to take Decca shareholders to take Rascal paper rather than cash. The offer documents should help here, probably indicating profits of £66m or so for this year to March but £80m or more for 1980-81. Signing of contracts has been slow so their impact will be seen next year. Rascal's shares rose 9p to 216p.

Elsewhere, Unilever rose 7p to 458p while Beechams at 126p and Glaxo at 247p both gained a penny. Hawker Siddeley at 184p, BAA at 236p and Fisons at 289p were all unchanged on the day.

Speculation continued to surround events at Furness Withy, which improved 2p to 380p following its recent approach from Mr C. Y. Tung of Hongkong. Fears still exist that the bid may be referred to the Monopolies Commission, while there are those who feel that the terms should be a lot more lucrative before shareholders part with their holdings. The buyer of

European Ferries' 4.9 per cent still remains a mystery and has led to further talk of a counter-bid.

Despite this, Fashion & General, holding a large stake in FW, encountered profit taking which clipped 10p from the price at 190p. Another major shareholder Rea Bros, on the other hand, rose 7p to 85p in anticipation of the next twist in the tale.

Shares of C. T. Bowring were lifted 4p to 137p on hopes of a further offer from Marsh Maclelland or the United States.

But shares of toy group Dunbar-Combes-Marx were suspended at 22p amid reports that its sale to its United States interests had fallen through. The listing is expected to be restored to-day pending an announcement from the company.

Shares of the loss-making Stag Line jumped 18p to 166p as an order four times the size of the normal 250-share market came in again. Dealers said that speculators were looking for the next shipping takeover stock. But Roper Holdings which has a 29.9 per cent built up over four years, says that it is not bidding and has not been approached for its shares.

Speculative interest also improved Scott Robinson with a 4p rise to 41p, while favourable weekend comment boosted Ward White 2p to 72p, Aquacut 3p to 35p, Wearra 3p to 41p and Denbyware 2p to 108p.

Among companies reporting results, Nottingham Mamm-

facturing climbed 5p to 84p, after its better-than-expected set of figures and Scottish & Eastern Investment Trust rose 1p to 66p.

Wedgwood added 4p to 69p, following its recent third-quarter announcement but Alcan UK continued to slide 6p to 96p after Friday's low profits. Ernest Jones was firm ahead of today's report, climbing 7p to 19p but Gestetner dipped 4p to 74p after the chairman's warning of lower profits.

Electricals remained interesting in the wake of Rascal's successful battle for control of Decca with the former rising 9p to 216p. Decca also continued to make ground with reports that its television interests may soon be sold off. The ordinary rose 10p to 605p and the "A" to 507p.

GEC, which was beaten by Rascal's last bid, also improved 7p to 382p. Ferranti, which had gained ground on bid hopes, appeared to be losing more of its glitter dipping 3p to 494p while Playco rose 3p to 139p.

Engineering shares made a particularly poor start, overshadowed by the grim news on the steel front, but by midday had recovered a little to finish mostly off the bottom. Metal Box was only 4p off at 250p, after 246p, and Vickers showed a net fall of 5p to 125p. Tubes closed 8p off at 298p and GKN reported a 5p fall at 263p.

Speculation allowed for another hectic session in rubbers, where hopes of a scrip issue

lifted Guthrie 15p to 825p. Other bright spots included Castlefield 31p higher at 551p while London Sumatra at 423p and Highlands & Lowlands at 113p were both 2p better.

Stores had a fairly mixed look, about them after last week's forecast of lower profits at Freemans, unchanged at 127p. Grattan at 94p and Empire at 166p both recovered 2p but GUS "A" continued nervously falling 8p to 388p.

Kaffirs were dull with falls of 5 to 20 cents despite the gold price going up \$4 to \$662.5. Cons Gold put up 1p to 517p and RTZ fell back 4p to 456p while Anglo American and West Driefontein remained unchanged. Metals gained 14p to 60p on gold and diamond prospects.

Grindlays Holdings put on another 2p to 148p yesterday, where most analysts think they are overvalued on current prospects—pre-tax profits in 1979 could be a tenth down at £33m, and the balance sheet ratios are much weaker than in the clearers. Hopes are being firmly pinned on some re-arrangement of the Lloyds and Citibank shareholdings, but an outright bid from either is growing less likely.

Oils remained fairly steady although Burmah gained 9p to 211p after hours. Lasse, which lost 15p during the day, later recovered slightly to close at 478p, a loss of 10p on the day. But the main feature was Caledonian Offshore Services' gain of almost 100p in a thin market finished at 310p. Arvan Energy once again received speculative attention and gained 10p to 352p.

Equity turnover on February 15, was £145,059m (21,185 bargains). Active stocks yesterday, according to the Exchange Telegraph, were, ICI, R.T.Z., Rascal, BAA, European Ferries, GEC, Midland, Furness Withy, Shell, Western Mining, Consolidated Gold Fields, Beecham, Debenhams and La Porte Ind.

McKechie is bidder for Delson in £1.4m agreed deal

By Rosemary Unsworth

McKechie Brothers, the West Midlands-based engineer and manufacturer, has emerged as the bidder for Delson & Co, the Birmingham nuts and bolts manufacturer and distributor whose shares were suspended last week at 32p.

The bid, which is agreed, is on the basis of one McKechie share or 100p cash for every two Delson shares. The share offer is worth 56p a share and values Delson at £1.4m.

The Delson board, their families and related trusts have irrevocably accepted the offer for their 46.89 per cent holding, and with the 4 per cent already held by McKechie, the deal is virtually complete.

Mr Richard Cashmore, one of Delson's largest private shareholders outside the board, who last week was planning to ask about the company's poor performance at the annual meeting on Friday, said yesterday that he would accept the McKechie offer. "Although the offer is below the 80p assessed value of the shares, it seems a fair price under the circumstances if you look at the recent trading performance."

He said that he would not now be putting any questions at the meeting. "I imagine that McKechie will have its own plans for the future."

Other major shareholders include the ITC Pension Trust and Glynwed, the engineering and steel stockholding group which holds 7.6 per cent. McKechie said that it intends to develop Delson's business and will retain all 540 employees and management on the same basis as at present. Mr Leslie Miner, McKechie's finance director said that Delson's existing activities, particularly its wide network of distributors, is to be restored this morning.

"We have known Delson's for years as we have supplied them with non-ferrous metals and we also have a growing interest in their products with brass components."

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FINANCIAL NEWS AND MARKET REPORTS

Judge says directors used trickery

Two directors of Newman Industries used trickery and misleading information to ensure that shareholders approved the takeover of Thomas Poole and Gladstone China, a company in which they both had holdings, a High Court judge said in London yesterday.

Mr Justice Vinelott was giving his reserved judgment on an action in which the Prudential Assurance Company is claiming damages and compensation against the two directors, Mr Alan Bartlett, Newman's chairman and chief executive, and Mr John Loughton, the vice-chairman.

The case concerns the sale of a package of assets and liabilities by TPG to Newman.

TPG, which had a 25.6 per cent holding in Newman, was itself 35 per cent owned by Strongpoint, a wholly owned company of Mr Bartlett and Mr Loughton.

In June 1975, Mr Bartlett set up a deal to sell TPG to Newman and sent a circular to Newman shareholders ahead of the extraordinary general meeting being called to approve the scheme.

The Prudential claim that the circular was—and was known to be—misleading and that Mr Bartlett and Mr Loughton conspired to procure this trickery and misleading circular to be sent to the Newman shareholders to induce them to approve an agreement designed to benefit TPG at the expense of Newman.

Judgment on the claim will be concluded today.

Options

The subdued interest in the general markets spilled over into traded options yesterday as the total number of contracts fell from 877 to just under 400.

Dealers expect trading activity to pick up later on this week with the February series expiry date tomorrow. Most business on expiry day is usually taken up with "cabinet deals".

Trade was fairly evenly spread yesterday although the mining finance houses still managed to attract some interest.

Bank Base Rates

Bank	17%
ABN Bank	17%
Barclays Bank	17%
BCCI Bank	17%
Consolidated Crdts	17%
C. Hoare & Co	17%
Lloyds Bank	17%
London Mercantile	17%
Midland Bank	17%
Nat Westminster	17%
Rossminster	17%
TSB	17%
Williams & Glyn's	17%

* 7 day deposit on sums of £10,000 and under 15%, up to £25,000 16%, over £25,000 18%.

Interbank Market: 1 week 12 1/2%, 3 months 12 1/2%, 6 months 12 1/2%, 12 months 12 1/2%.

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Two new Australian prospects

Australia's mining boom will receive further encouragement from two new prospects, one for gold, another for tin.

The gold prospect is a joint venture between Carr Boyd Minerals and Western Mining. Under the agreement, WMC will have 70 per cent of the Black Hills, 17 Mile Hill and Triangle Block prospects near the Teferi Mine in Western Australia.

Teferi, an open cut operation, is the largest gold mine in Australia. Preliminary work suggests that prospects geology is similar to that of Teferi.

A substantial deposit of tin has been located by the Gramplan Tin joint venture at the Gramplan Tin mine in the South Wales. The venture is split among: Newmont Mining (38.75 per cent); ICI Australia (38.75 per cent); Endeavour Resources (15 per cent); and Pelstar Resources (7.5 per cent).

The venture warns, however, that the evidence does not yet warrant calling the deposit an ore reserve. If developed, the mine would be an open pit, requiring removal of about 44m tonnes of rock.

Swiss Volksbank

Swiss Volksbank achieved a 15.6 per cent increase in net earnings in 1979 and widened its balance sheet total by 17.6 per cent, mainly because of a sharp rise in earnings from foreign exchange and precious metals; higher interest rate income; and a "massive" increase in customer loans.

However, the bank proposed

Discount market

It was another short day for the money markets yesterday and the authorities operated to relieve the situation by purchasing Treasury bills and local authority bills on a small scale, discount houses. After opening on 17 per cent rates for secured money held for 17-18 per cent area for much of the day.

In the afternoon, they dipped to 16 per cent in places, but were firming again towards the finish, as that books were closed within a band of 16 per cent to 17 per cent, depending upon whether or not a house had been able to rule up in good time or had to struggle up to the final minutes. One or two houses were thought to have been leading on their bankers at the finish.

Money Market Rates

Bank of England Minimum Lending Rate 17%.

Clearing Bank Base Rate 17%.

Overnight: 16 1/2%.

Treasury Bills: 12 months 12 1/2%.

Prime Bank Rate (Over 12 months): 17%.

Local Authority Bonds: 12 months 12 1/2%.

Secondary Market: 12 months 12 1/2%.

Local Authority: 12 months 12 1/2%.

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Wall Street and the US markets were closed yesterday on the anniversary of Washington's birthday.

to pay an unchanged dividend of 70 francs per share, and 35 francs on shares issued in 1979. In 1978, it had lowered its dividend from 80 francs in 1977.

The bank has changed its statutes, with the intention to issue participation certificates. The emission of participation certificates "is most likely in

International

1980" according to a spokesman of the Bank, "but there is not yet a concrete plan for the shareholders meeting in March," he added.

The bank's net earnings rose to 60.5m Swiss francs (£16.13m), from 57.3m francs in 1978, and its balance sheet total increased to 15.2bn francs from 1978's 12.9bn francs. Gross profit was up 13.0 per cent at 85.4m francs.

Mr Hans Frey, the general manager, said at a press conference that influencing factors had been a "massive" increase in earnings from foreign currency and precious metal trading, and a 4.2 per cent rise in earnings from commissions.

The bank's income from interest rate differential was 24.1m francs. Interest receivable rose to 510.6m francs from 493.3m francs in 1978, and

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interest due dropped to 313.4m francs from 320.2m francs a year earlier.

Profits in Japan
Combined net profits of 380 major Japanese firms are expected to rise by 40.81 per cent in the period from April to September compared with the previous half-year's total of about 784.9bn yen, a private economic research institute said yesterday.

All the companies are listed on the first section of the Tokyo Stock Exchange. Banks and insurance firms are not included. The Wako Economic Institute said that combined sales of the companies between April and September will increase by 3.29 per cent to total 78.2 trillion yen, or 1.39 trillion yen (13.97bn) and current-account profits will amount to about 1.6 trillion yen, showing a 33.07 per cent gain from the previous half-year period.

An institute official said that the main reason for the good business performance in the April to September period is that profits and sales at 9 major electric power companies will rise sharply due to the scheduled price increase in electric rates this spring.

Impala Platinum

High Platinum prices helped Impala Platinum, the South African producer controlled by Union Corporation, to raise interim after-tax profits to 51.3m (£27.3m) from 32.5m (£17.5m) in 1978. The dividend was increased to 35 cents, up 25 cents over the same period last year. Earnings per share went up from 46 cents to 89 cents.

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Tuesday 26th February at 10.30 am
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Thursday, February 21 at 2.30 p.m.
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Friday, February 22 at 11 a.m. and 2.30 p.m.
MODERN BRITISH AND IRISH PAINTINGS, DRAW-
INGS AND SCULPTURE. Catalogue 1.3-2.5

Monday, February 25 at 11 a.m. and 2.30 p.m. and
Tuesday, February 26 at 10.30 a.m. and 2.30 p.m.
ENGLISH AND FOREIGN COINS, DECORATIONS AND
CAMPAIGN MEDALS, BONDS AND MEDALLIONS.
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Wednesday, 20th February, 11 a.m.
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& WORKS OF ART

Wednesday, 20th February, 12 noon
POTLIDS, FARINGS, GOSS
& COMMEMORATIVE CHINA

Thursday, 21st February, 11 a.m.
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Thursday, 21st February, 11 a.m.
SCRIPHOGRAPHY

Friday, 22nd February, 11 a.m.
ENGLISH AND CONTINENTAL
SILVER & PLATE

Monday, 25th February, 11 a.m.
FURNITURE, EASTERN CARPETS
& OBJECTS

Monday, 25th February, 11 a.m.
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Tuesday, 26th February, 11 a.m.
FURNITURE, EASTERN CARPETS
& WORKS OF ART

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